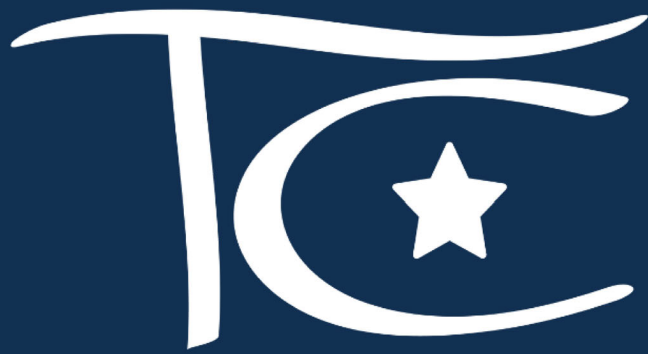




TOWN OF TROPHY CLUB
T E X A S

ANNUAL COMPREHENSIVE FINANCIAL REPORT

- A P P R O V E D -

FISCAL YEAR

2024

PREPARED BY
FINANCE DEPARTMENT

Town of Trophy Club, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2024

Prepared by Town of Trophy Club Finance Department



TOWN OF
TROPHY CLUB

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Introductory Section (Unaudited)





Town of Trophy Club
1 Trophy Wood Drive
Trophy Club, TX 76262
Phone (682) 237-2900
Fax (682) 237-2996

February 18, 2025

To the Honorable Mayor,
Members of the Town Council, and
Citizens of the Town of Trophy Club, Texas

The Finance Department of the Town of Trophy Club has prepared a comprehensive set of financial statements in strict compliance with Generally Accepted Accounting Principles (GAAP). These statements have been rigorously audited by an independent firm of certified public accountants, following the standards of Generally Accepted Auditing Standards (GAAS). We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the Town of Trophy Club, Texas, for the fiscal year ended September 30, 2024.

This report reflects the Town's management representations regarding its financial position and activities. Management assumes full responsibility for the accuracy, completeness, and integrity of all information presented within this document. To support these representations, the Town's management has established a comprehensive internal control framework. This framework is designed to both safeguard the Town's assets against loss, theft, or misuse and ensure the accurate and reliable preparation of the Town's financial statements in compliance with Generally Accepted Accounting Principles (GAAP).

It is important to acknowledge that while internal controls are essential, they are intended to provide reasonable, rather than absolute, assurance regarding the prevention and detection of material misstatements. The Town's internal control framework strives to achieve this balance, ensuring that the financial statements are free from material misstatement to the extent possible. Management affirms that, to the best of our knowledge and belief, this financial report is complete, accurate, and reliable in all material respects.

In accordance with the Town Charter, the Town's financial records have been meticulously prepared by the finance department and audited by Forvis Mazars, LLP, Certified Public Accountants. This Annual Comprehensive Financial Report (ACFR) is based on the results of that audit. The primary purpose of the independent audit is to provide reasonable assurance that the Town's financial statements accurately and fairly represent, in all material respects, the financial position and activities for the fiscal year ended September 30, 2024.

The independent audit included a thorough examination, on a sample basis, of evidence supporting the amounts and disclosures in the financial statements. Additionally, it involved an evaluation of the accounting principles used, significant estimates made by management, and the overall presentation of the financial statements. Upon completion of this rigorous process, the independent auditor issued unmodified opinions, affirming that the Town's financial statements for the fiscal year ended September 30, 2024, are presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is included as the first component of the financial sections of this report.

In compliance with GAAP, management is required to provide a narrative introduction, overview, and analysis of the financial statements, referred to as the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. For ease of reference, the Town's MD&A immediately follows the independent auditor's report in this document.

Profile of the Town

Founded in 1985 as Texas' first master-planned community, the Town of Trophy Club is located in North Central Texas and has emerged as a significant hub of growth both within the state and nationally. Spanning just over 4 square miles, the Town serves a thriving population of approximately 13,666 residents. With the authority to levy property taxes on real estate within its jurisdiction, Trophy Club is characterized by a robust median household income of \$193,026 and a median home value of \$724,500. Since 2004, Trophy Club has operated as a Home Rule municipality under the council-manager form of government. Charter amendments ratified on May 11, 2013, affirm the Town Council's role as the primary policy-making and legislative body, comprising the Mayor and six Council Members. The Council's responsibilities include adopting ordinances, approving budgets, appointing boards and committees, and selecting key Town officials such as the Town Manager, Town Secretary, Municipal Judge, and Town Attorney. The Council functions on a non-partisan basis.

In alignment with charter amendments adopted on May 9, 2009, Council members are elected at-large by place and serve three-year terms or until their successors are elected and qualified. Each member represents a designated Place (e.g., Place 1, Place 2, etc.). Furthermore, the Charter limits the Mayor and Council Members to a maximum of six consecutive years in full elected terms.

The Town Manager is charged with implementing the policies and ordinances established by the Town Council, managing daily governmental operations, and appointing department heads to oversee the Town's various departments.

Trophy Club provides a full range of municipal services, including general government operations, public safety, street maintenance, parks and recreation, planning and zoning, code enforcement, and drainage utilities. Water and wastewater services are managed separately by Trophy Club Municipal Utility District #1, ensuring essential infrastructure support for the community.

Local Economy

Trophy Club is widely recognized for its rapid growth, a hallmark that has earned recognition from both the Dallas Business Journal and the Fort Worth Builders Association. Strategically situated between DFW International Airport and Alliance Airport, Trophy Club's location offers unparalleled convenience for businesses, residents, and commuters traveling to Dallas, Denton, Las Colinas, and Fort Worth. Despite its proximity to major metropolitan areas, the Town maintains a charming small-town atmosphere, nestled in a picturesque setting. Trophy Club is celebrated for its exceptional quality of life, supported by outstanding educational institutions, recreational amenities, and two premier 18-hole golf courses, including the only course designed by the legendary Ben Hogan.

The broader North Texas region thrives with a diverse economy anchored by research institutions, logistics, oil and gas, manufacturing, and industrial sectors, all supported by a robust professional services base. This economic diversity contributes to a relatively stable unemployment rate. As of September 2024, the Dallas/Fort Worth area's unemployment rate stood at 3.9%, compared to the national average of 4.2%, according to the Bureau of Labor Statistics. Approximately half of the local workforce is engaged in management, professional, and related occupations, further reflecting the region's economic vitality.

Trophy Club has taken deliberate and strategic steps to position itself for a prosperous future within the dynamic DFW and Alliance corridor. Over the past decade, the Town has issued more than 452 building permits for high-end residential homes, underscoring its commitment to growth and development. In fiscal year 2024 alone, the Town approved 14 new residential building permits valued at \$13,926,026.03. Additionally, there were 12 commercial projects completed with a total valuation of \$2,778,654, along with 17 residential remodel and update projects valued at \$624,500.

The Town's tax base has consistently strengthened, surpassing \$3.1 billion in net taxable value in 2024. This solid foundation is further bolstered by a thriving business environment along the Highway 114 corridor. Trophy Club continues to benefit from businesses establishing a presence within its borders and professionals relocating to the area, contributing to the local workforce and economy.

Long-Term Financial Planning

As part of its commitment to sound financial stewardship and strategic long-term planning, the Town has undertaken significant initiatives to optimize its debt structure and invest in critical infrastructure. In December 2015, the Town refunded the Trophy Club Public Improvement District #1 (PID) bonds, resulting in over \$16.4 million in savings for PID residents over the life of the debt. Similarly, in August 2020, the Town refunded \$3,550,000 in Certificates of Obligation Bonds, achieving \$500,000 in savings over the remaining 10-year term.

In FY 2023, the Town issued \$7 million in debt to address long-term needs in key areas, including streets, parks, and drainage. This strategic investment reflects the Town's proactive approach to maintaining and enhancing essential infrastructure to support current and future residents.

Building on these efforts, the Town has prioritized the revamp of its Capital Improvement Plan (CIP) in FY 2024. This comprehensive update will serve as a roadmap for future infrastructure projects, ensuring that resources are allocated effectively to meet the Town's evolving needs and sustain its high quality of life. Along with the CIP, the Town Council approved a Debt Financing Plan & Tax Rate Goal policy that anticipates future debt borrowing to address capital needs through FY 2040, all achievable within a maximum tax rate to support debt service of \$0.105.

Budgeting Process

The Town of Trophy Club utilizes a program-based budgeting process to ensure fiscal responsibility and efficient allocation of resources. Each budget unit includes expenditures associated with services and supplies as outlined in the prior year's budget. Personnel-related expenditures are calculated and compiled by the Finance Department.

Any funding requests for new programs or expenditures beyond the base budget must be submitted as separate supplemental requests for evaluation. Capital expenditures are prioritized based on a comprehensive replacement schedule, assessed needs, and available resources, ensuring that the Town's assets are maintained and enhanced in a sustainable manner.

Revenue Projection

The process of projecting revenue for the upcoming fiscal year begins early in the current fiscal year. Departments responsible for generating revenues, in collaboration with the Finance Department, develop these projections. The estimates are based on consultations with state and local agencies, trend analyses, anticipated changes in the local and regional economy, and discussions with staff members directly involved in the revenue streams. While revenue projections are initially prepared early in the budget process, they remain fluid and are refined throughout departmental budget development, with adjustments made as new information becomes available.

Proposed Budget Analysis/Compilation

The Finance Department compiles a preliminary departmental budget to present to the Budget Team, which includes the Town Manager and the Director of Finance. During budget discussions, department directors are required to justify and provide clarity on their budgetary needs.

With revenue projections and baseline funding requirements as guiding factors, budget adjustments are made based on necessity and priority. A total recommended funding level is determined and aligned with available financial resources to ensure fiscal balance and operational efficiency.

Proposed Budget Development

The Town Manager prepares and submits the annual budget to the Town Secretary for the upcoming fiscal year. The proposed budget is designed to ensure that, for each fund, operating revenues and resources are at least equal to or exceed operating expenditures. The Town Manager's budget message provides an overview of funding requirements, significant program changes, and alternative funding solutions, serving as a strategic guide for decision-making.

Town Council Budget Study

From May through budget adoption, the Town Council conducts an in-depth review of each fund, along with supplementary materials, capital replacement schedules, and the five-year Capital Improvement Program. This process allows Council Members to evaluate budget items thoroughly and provide guidance on priorities before the final submission of the proposed budget.

Capital Program

As required by Section 9.08 of the Town Charter, the Town Manager prepares and submits a five-year Capital Improvement Plan (CIP) to the Council annually, no later than August 1. This program is reviewed, updated, and extended each year to reflect pending capital improvements, ongoing projects, and planned acquisitions, ensuring alignment with the Town's long-term goals and priorities.

Public Hearing/Budget Adoption

Public hearings on the proposed budget and, if applicable, the tax rate are held in August and September, allowing citizens to provide formal input. Additionally, residents may attend Town Council budget work sessions from May through the adoption of the budget. Following deliberations and the public hearing(s), the Town Council adopts the budget and sets a tax rate to support approved funding levels in September.

In accordance with the Town Charter, if no action is taken by the Town Council before the fiscal year-end on September 30, the prior years budget continues on a month-to-month basis until a new budget is adopted.

Compilation of Adopted Budget/Budget Maintenance

The adopted budget is compiled and published early in the new fiscal year, with an amended proposed budget made available for public inspection in October. Ledger accounts are prepared for the new fiscal year prior to October 1.

Budget maintenance is an ongoing process carried out by both divisions/departments and the Finance Department. Expenditure reviews are conducted monthly by Finance staff to ensure spending controls. During the budget process, departments provide current-year revenue and expenditure estimates to support accurate planning.

Finally, program goals, objectives, and performance measures are assessed during budget implementation to evaluate the effectiveness of activities and determine appropriate funding levels for future years.

Relevant Financial Policies

The Town's Investment Policy, created by staff, was developed to comply with Chapter 2256 of the Government Code, known as the Public Funds Investment Act. This Act requires the Town of Trophy Club to adopt a written investment policy governing the management of its funds. The policy outlines the methods, procedures, and practices necessary to ensure the effective and prudent fiscal management of the Town's resources. In recognition of its quality, the Town's Investment Policy was awarded the Government Treasurers' of Texas Certificate of Distinction for Investment Policy in June 2011.

In April 2024, the Town Council adopted a Financial Reserves Policy, establishing new fund balance categories in alignment with Governmental Accounting Standards Board (GASB) Statement No. 54. This policy also set a minimum unassigned fund balance goal for the General Fund at 45% of annual operating expenditures, providing a strong foundation for fiscal stability.

Additionally, in September 2016, the Town implemented updated purchasing policies as well as revised travel and training policies, ensuring alignment with best practices and the Town's operational needs.

Major Initiatives

The Town Council remains dedicated to its strategic planning process, which serves as the cornerstone for identifying and achieving long-term goals and objectives. Each year, the Council convenes in strategic planning retreats to review, refine, and align its priorities with the evolving needs of the community.

In FY 2024, the Town launched its new Strategic Plan for 2025–2030, a comprehensive framework designed to advance key priorities over the next five years. This plan emphasizes enhancing community development, ensuring financial sustainability, and improving the delivery of high-quality services. The Strategic Plan is fully integrated into the Town's Business Plan and Department Work Plans, which are utilized in budget planning, resource allocation, and the implementation of services and programs.

As part of its efforts to support local businesses and foster economic growth, the Town, in partnership with the Economic Development Corporation (EDC), introduced the Thrive Business Grant program. This initiative offers targeted funding to local businesses, promoting innovation, resilience, and economic vitality within the community.

In addition, the Town has prioritized future growth and land use planning through the creation of a Small Area Plan for the 114 corridor. This plan will serve as a detailed roadmap for development along this key economic and transportation corridor, focusing on strategic land use, infrastructure enhancements, and opportunities for economic development. By balancing thoughtful planning with community needs, the Small Area Plan aims to ensure sustainable growth while preserving the Town's unique character and quality of life.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the Town of Trophy Club the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2023. This marks the 14th consecutive year the Town has received this prestigious recognition.

To earn this award, a government must publish an ACFR that is both easily readable and efficiently organized while meeting generally accepted accounting principles (GAAP) and all applicable legal requirements. The Certificate of Achievement is valid for one year, and we believe our current ACFR continues to meet the program's high standards. We have submitted it to the GFOA for review to determine its eligibility for another certificate.

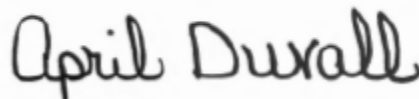
The preparation of this report is a testament to the unwavering dedication of the Finance Department staff. We extend our deepest gratitude to the entire team for their diligence and expertise. We also wish to thank the representatives of Forvis Mazars LLP, Certified Public Accountants, for their invaluable support and professional guidance.

Finally, we offer special recognition to the Mayor and Town Council members for their steadfast commitment to excellence in financial stewardship. Their leadership and unwavering support have been essential in maintaining the highest standards of professionalism in the management of the Town's finances and the successful completion of this report.

Respectfully submitted,



Brandon Wright
Town Manager



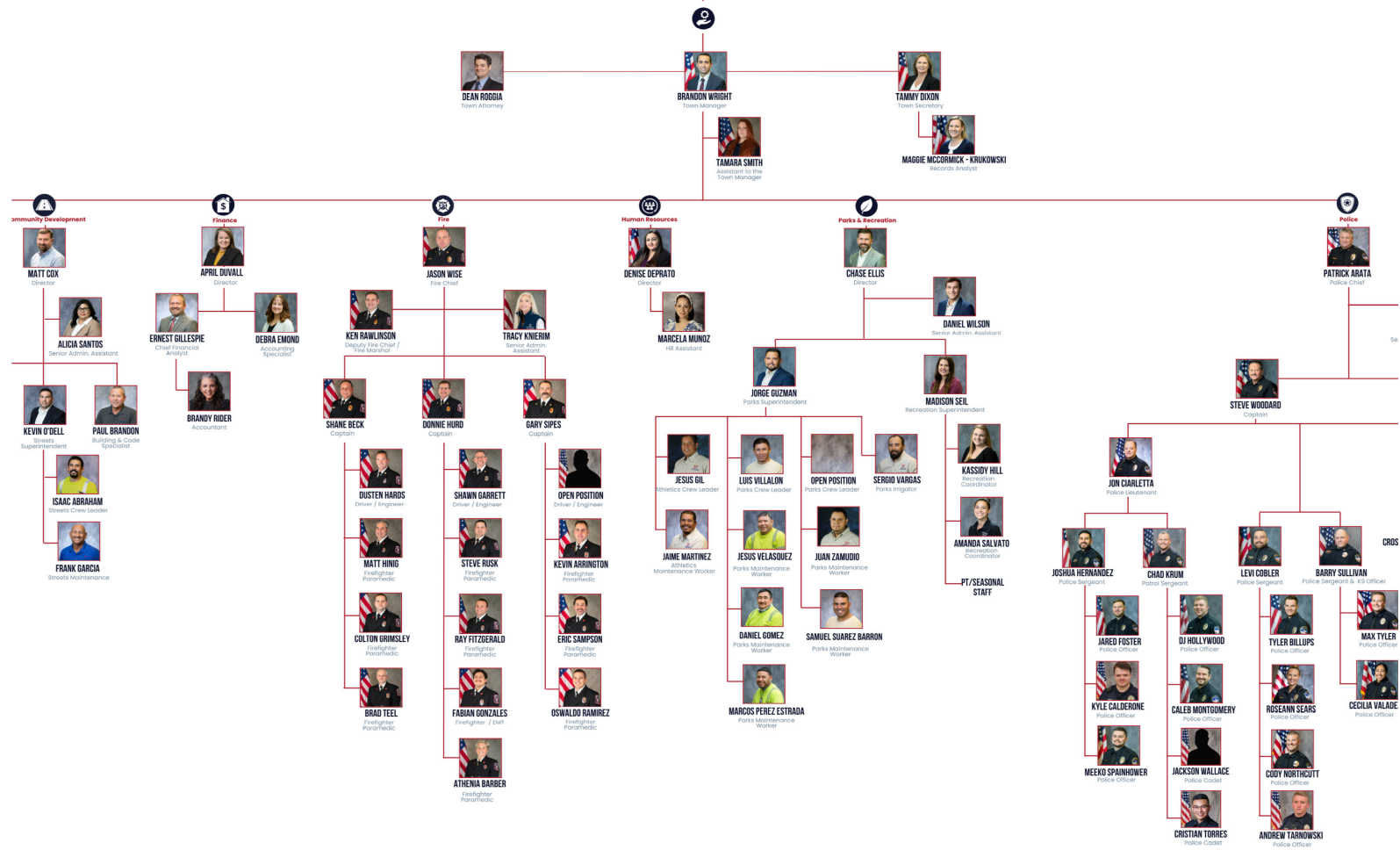
April Duvall
Director of Finance



TOWN OF TROPHY CLUB

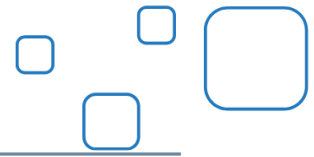
TROPHY CLUB RESIDENTS

TOWN COUNCIL





TOWN COUNCIL



JEANNETTE TIFFANY
Mayor



STACEY BAUER
Place 1



JEFF BEACH
Place 2



DENNIS SHERIDAN
Place 3



RHYLAN ROWE
Place 4



OPEN POSITION
Place 5



STEVE FLYNN
Mayor Pro Tem and
Place 6



TOWN MANAGER'S OFFICE



BRANDON WRIGHT
Town Manager



DEAN ROGGIA
Town Attorney



TAMMY DIXON
Town Secretary



TAMARA SMITH
Assistant to the Town
Manager



MAGGIE MCCORMICK - KRUKOWSKI
Records Analyst

WWW.TROPHYCLUB.ORG





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Trophy Club
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morill

Executive Director/CEO





Financial Section



Independent Auditor's Report

The Honorable Mayor and Members of the Town Council
Town of Trophy Club, Texas
Trophy Club, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Trophy Club, Texas (Town), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a

substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

**Dallas, Texas
February 18, 2025**



Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

As management of the Town of Trophy Club, Texas (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$69,360,557 (net position). The unrestricted net position, which represents the amounts available to meet the Town's ongoing obligations to citizens and creditors, was \$28,158,082.
- The Town's total net position increased \$2,834,579 primarily because of increases in property tax valuations and increased investment earnings.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$32,879,923, an increase of \$3,852,921 in comparison with the prior year. Of this amount, \$12,376,571, or 38%, is available for spending at the government's discretion (unassigned fund balance). The increase in combined fund balance is primarily due to increased property tax valuations and increased investment earnings.
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$12,376,571, or approximately 82% of total general fund expenditures.
- At the close of the current fiscal year, the Town's enterprise funds reported combined net position balances of \$4,082,865, an increase of \$422,631 in comparison with the prior year. The increase is due primarily to operations and to transfers in from the governmental funds for debt service payments.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between the four is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other non-financial factors, such as the Town's property tax base and the condition of the Town's infrastructure, need to be considered in order to assess the overall health of the Town.

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, police, emergency medical services, community development, parks and recreation, streets, court, council, and administration. Normally, these operations are financed by property taxes, sales taxes, and franchise fees. The business-type activities of the Town include Trophy Club Park and Storm Drainage Utility operations.

The government-wide financial statements include not only the Town itself (known as the primary government), but also the legally separate component unit, Economic Development Corporation, which the Town is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund, and the PID No. 1, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

Proprietary Funds

The Town's proprietary funds are all enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its Trophy Club Park and Storm Drainage Utility operations. All activities associated with providing such services are accounted for in these funds, including salaries and benefits, supplies and materials, repairs and maintenance, utilities, and other operating expenses. The Town's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Trophy Club Park and Storm Drainage Utility. The Storm Drainage Utility is considered to be a major fund of the Town.

Component Unit

The Town maintains the accounting and financial statements for one discretely presented component unit, the Economic Development Corporation, which is displayed separately on the government-wide financial statements.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the general fund and Public Improvement District No. 1 fund. In addition, it includes information concerning the Town's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$69,360,557, at the close of the most recent fiscal year.

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

Statement of Net Position:

The following table reflects the condensed Statement of Net Position.

	Governmental Activities		Business-type Activities		Totals	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
Current and other assets	\$ 52,606,227	\$ 51,194,650	\$ 2,324,511	\$ 2,030,858	\$ 54,930,738	\$ 53,225,508
Capital and lease assets, net	61,110,085	63,709,700	1,781,537	1,853,641	62,891,622	65,563,341
Total assets	113,716,312	114,904,350	4,106,048	3,884,499	117,822,360	118,788,849
Deferred outflows of resources	3,424,636	4,249,963	-	-	3,424,636	4,249,963
Other liabilities	4,665,060	4,755,975	23,183	48,797	4,688,243	4,804,772
Long-term liabilities	46,812,277	51,094,293	-	175,468	46,812,277	51,269,761
Total liabilities	51,477,337	55,850,268	23,183	224,265	51,500,520	56,074,533
Deferred inflows of resources	385,919	438,301	-	-	385,919	438,301
Net investment in capital assets	30,100,766	28,947,808	1,781,537	1,678,173	31,882,303	30,625,981
Restricted	9,320,172	8,185,798	-	-	9,320,172	8,185,798
Unrestricted	25,856,754	25,732,138	2,301,328	1,982,061	28,158,082	27,714,199
Total net position	\$ 65,277,692	\$ 62,865,744	\$ 4,082,865	\$ 3,660,234	\$ 69,360,557	\$ 66,525,978

Current and other assets increased by \$1.7 million from the prior year due primarily to increased cash and investment activity.

Long-term liabilities, which consist of bonds, compensated absences, net pension liability, and other postemployment benefit obligations, decreased by \$4.5 million from the previous year for governmental and business-type activities combined. The decrease is primarily due to the scheduled debt service payments.

A portion of the Town's net position, \$31,882,303, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, lease assets, and infrastructure), net of accumulated depreciation and amortization and less any related outstanding debt that was used to acquire those assets. The Town uses these capital and lease assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital and lease assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$9,320,172 represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the Town's unrestricted net position was a balance of \$28,158,082. The Town's overall net position increased \$2,834,579, from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

Statement of Activities:

The following table provides a summary of the Town's changes in net position.

	Governmental Activities		Business-type Activities		Totals	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$ 4,255,088	\$ 3,821,273	\$ 614,423	\$ 705,922	\$ 4,869,511	\$ 4,527,195
Operating grants and contributions	159,362	92,029	-	31,750	159,362	123,779
Total program revenues	4,414,450	3,913,302	614,423	737,672	5,028,873	4,650,974
<i>General revenues:</i>						
Property taxes	11,858,764	11,180,838	-	-	11,858,764	11,180,838
Sales and mixed beverage taxes	2,630,932	2,358,255	-	-	2,630,932	2,358,255
Franchise and local taxes	1,029,212	1,016,222	-	-	1,029,212	1,016,222
Occupancy tax	885,378	822,484	-	-	885,378	822,484
Other revenues	721,499	313,150	150	-	721,649	313,150
Investment Income	2,095,412	1,289,627	85,289	64,244	2,180,701	1,353,871
Total general revenues	19,221,197	16,980,576	85,439	64,244	19,306,636	17,044,820
Total revenues	23,635,647	20,893,878	699,862	801,916	24,335,509	21,695,794
Expenses:						
General government	632,029	899,894	-	-	632,029	899,894
Manager's office	486,130	782,210	-	-	486,130	782,210
Town secretary	212,947	-	-	-	212,947	-
Mayor & council	7,662	-	-	-	7,662	-
Human resources	357,993	278,174	-	-	357,993	278,174
Finance	617,969	518,064	-	-	617,969	518,064
Information services	598,600	673,596	-	-	598,600	673,596
Legal	138,548	159,807	-	-	138,548	159,807
Municipal court	250,929	92,313	-	-	250,929	92,313
Police	4,316,645	3,820,517	-	-	4,316,645	3,820,517
Fire	1,901,264	1,657,640	-	-	1,901,264	1,657,640
Emergency medical services	1,769,995	1,598,261	-	-	1,769,995	1,598,261
Facilities management	1,501,274	1,425,387	-	-	1,501,274	1,425,387
Parks and recreation	3,132,835	3,093,727	-	-	3,132,835	3,093,727
Community development	606,080	552,382	-	-	606,080	552,382
Tourism	382,094	653,518	-	-	382,094	653,518
Public works	2,762,037	2,358,623	-	-	2,762,037	2,358,623
Interest and fiscal charges on long-term debt	1,406,043	1,371,710	-	-	1,406,043	1,371,710
Storm Drainage Utility	-	-	284,437	176,590	284,437	176,590
Trophy Club Park	-	-	135,419	127,025	135,419	127,025
Total expenses	21,081,074	19,935,823	419,856	303,615	21,500,930	20,239,438
Increase in net position before transfers	2,554,573	958,055	280,006	498,301	2,834,579	1,456,356
Transfers	(142,625)	(156,342)	142,625	156,342	-	-
Change in net position	2,411,948	801,713	422,631	654,643	2,834,579	1,456,356
Net Position, Beginning	62,865,744	62,064,031	3,660,234	3,005,591	66,525,978	65,069,622
Net Position, Ending	\$ 65,277,692	\$ 62,865,744	\$ 4,082,865	\$ 3,660,234	\$ 69,360,557	\$ 66,525,978

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

Governmental Activities

For the year ended September 30, 2024, revenues from governmental activities totaled \$23.6 million. Property tax, grants and contributions, special assessments and sales tax are the Town's largest general revenue sources. Overall revenue increased \$2.7 million or 13% from the prior year. Property taxes remain the largest source of revenue at \$11.9 million in the current fiscal year. The rate charged to property tax owners has remained consistent, however, the assessed valuation has risen from approximately \$2.8 billion in 2023 to \$3.1 billion in the current year. Investment income increased by \$806 thousand or 62% due to the impact of the market and realization of higher interest rates. All other revenue sources remained relatively stable when compared to the previous year.

For the year ended September 30, 2024, expenses for governmental activities totaled \$21.1 million. This represents an increase of \$1.1 million or 5.7% from the prior year. The Town's largest expense category is public safety (police, fire, and emergency medical services), which totaled \$8.0 million at year-end and increased \$911 thousand from prior year due primarily to workers compensation adjustments, salary increases, and overtime. General Government decreased by \$268 thousand primarily due to decreased salary expenses. Manager's Office decreased by \$296 thousand primarily due to realignment of departments through the breakout of Town Secretary and Mayor & Council categories, which was previously reported with Manager's Office. All other expenses remained relatively consistent when compared to the previous year.

Business-type Activities

Business-type activities are shown comparing operating costs to revenues generated by related services. For the year ended September 30, 2024, charges for services by business-type activities totaled \$614 thousand and represents a decrease of \$91 thousand from prior. This is mostly due to decreased park activity. Total business-type activity expenses remained relatively consistent when compared to the previous year. The Storm Drainage Utility increased expenses by \$108 thousand for various small equipment purchases and salary increases. The Trophy Club Park increased their expenses by \$8 thousand primarily due to salary increases.

Financial Analysis of the Town's Funds

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the Town's governmental funds is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Town's Council.

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

At September 30, 2024, the Town's governmental funds reported combined fund balances of \$32.9 million, an increase of \$3.9 million, in comparison with the prior year. Approximately 38% of this amount, \$12.4 million, constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of the fund balance is either nonspendable, restricted, or committed to indicate that it is: 1) not in spendable form \$443 thousand; 2) restricted for particular purposes \$20.0 million; or 3) committed for a particular purpose \$29 thousand.

Analysis of Individual Funds

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately \$12.4 million, while total fund balance increased to \$12.8 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 82% of total general fund expenditures, while total fund balance represents 85 % of that same amount.

The fund balance of the Town's general fund increased by \$2.4 million during the current fiscal year. This increase is due to higher property valuations, the impact of the market and realization of higher interest rates and sales tax revenue coming in higher than anticipated.

The debt service fund had an ending fund balance of \$251 thousand at September 30, 2024, an increase of \$45 thousand when compared to the previous year. This increase is due to higher property valuations, the impact of the market and realization of higher interest rates. During the year, the fund recorded total principal and interest payments of \$2.7 million and property tax revenue of \$2.8 million. The fund also recorded \$178 thousand in transfers to other funds related to debt service payments.

The capital projects fund had an ending fund balance of \$10.7 million. The capital projects fund increased by \$90 thousand when compared to the previous year. The increase was due to increased investment income.

The PID No. 1 fund reflected an ending fund balance of \$4.2 million. The fund balance increased \$120 thousand, which is a result of special assessments and investment income exceeding debt service expenditures.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the Town's major proprietary fund, the Storm Drainage Utility fund, totaled \$3.5 million, an increase of \$390 thousand from prior year. Unrestricted net position at the close of the fiscal year for the Town's storm drainage utility fund amounted to \$1.9 million. Total net investment in capital assets was \$1.6 million.

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

General Fund Budgetary Highlights

Total budgeted revenues of \$14,658,938 were less than actual revenues of \$17,641,901 resulting in a revenue variance of \$2,982,963. The variance was primarily the result of greater than estimated revenues from sales tax, intergovernmental revenues, and charges for services. Sales tax was over budget as the economy continues to recover from the pandemic. Intergovernmental revenue increased \$682,064, primarily due increases in both the fire assessments related to the Public Improvement District and transfers from the Municipal Utility District. Charges for services were more than estimated due to the inclusion of sanitation charges received during the year, previously netted with expenses. Total budgeted expenditures of \$17,444,903 were more than actual expenditures of \$15,143,222, resulting in a expenditure variance of \$2,301,681. The variance in total expenditures primarily related to facilities management and capital outlay expenditures for unbudgeted expenditures related to emergency repairs/replacement. Additionally, the manager's office department budgeted for capital projects that ultimately did not occur in the current fiscal year.

Capital and Lease Assets

As of the end of the year, the Town's governmental activities funds had invested \$61,110,085 in a variety of capital and lease assets and infrastructure, net of accumulated depreciation and amortization. The Town's business-type activities funds had invested \$1,781,537 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, machinery and equipment, storm drainage system, and infrastructure.

	Governmental Activities		Business-type Activities		Totals	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
Land	\$ 10,487,119	\$ 10,487,119	\$ -	\$ -	\$ 10,487,119	\$ 10,487,119
Construction in progress	2,197,624	2,197,624	-	-	2,197,624	2,197,624
Buildings	7,693,922	8,080,711	-	-	7,693,922	8,080,711
Improvements other than buildings	29,093,899	30,882,200	161,194	172,480	29,255,093	31,054,680
Machinery and equipment	798,046	712,808	63,554	73,289	861,600	786,097
Vehicles	1,034,858	1,108,397	-	-	1,034,858	1,108,397
Water system	2,985,821	3,161,697	-	-	2,985,821	3,161,697
Infrastructure	6,758,902	6,982,134	1,556,789	1,607,872	8,315,691	8,590,006
Lease Assets - Equipment	59,894	97,010	-	-	59,894	97,010
Totals	<u>\$ 61,110,085</u>	<u>\$ 63,709,700</u>	<u>\$ 1,781,537</u>	<u>\$ 1,853,641</u>	<u>\$ 62,891,622</u>	<u>\$ 65,563,341</u>

Major capital asset events during the current year include the following:

- Purchase of new vehicles for police.
- Improvements related to the Inverness Drive drainage system
- Purchase of new equipment for various departments across the Town

More detailed information about the Town's capital and lease assets is presented in the Note 4 to the financial statements.

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

Long-Term Debt

The Town's outstanding general obligation bonds, certificate of obligation bonds, and special assessment bonds, net of all premiums and discounts decreased by \$3.9 million for governmental activities and decreased by \$175 thousand for business-type activities, from the prior year.

	Governmental Activities		Business-type Activities		Totals	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
General obligation bonds	\$ 5,165,000	\$ 5,890,000	\$ -	\$ -	\$ 5,165,000	\$ 5,890,000
Certificates of obligation	16,800,000	18,040,000	-	175,000	16,800,000	18,215,000
Special assessment bonds	18,227,000	19,776,000	-	-	18,227,000	19,776,000
Premiums on bonds	3,093,541	3,423,086	-	468	3,093,541	3,423,554
Leases payable	49,294	85,745	-	-	49,294	85,745
Totals	<u>\$ 43,334,835</u>	<u>\$ 47,214,831</u>	<u>\$ -</u>	<u>\$ 175,468</u>	<u>\$ 43,334,835</u>	<u>\$ 47,390,299</u>

More detailed information about the Town's long-term liabilities is presented in Note 5 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The Town of Trophy Club's land use remains predominantly residential, comprising approximately 90% of the area, with a smaller commercial component making up about 10%. Both residential and commercial development within the Town is largely built out. In fiscal year 2024, the Town issued 14 residential construction permits and one new commercial permit. Looking ahead, staff estimates future development will be limited, with projections of 30–50 additional residential permits and 3–4 large commercial permits.

The Town's fiscal year 2025 budget reflects an increase in total property tax revenue of \$904,831, or 8.7%, compared to the fiscal year 2024 budget. Of this amount, \$44,835 is attributed to new property added to the tax roll.

Key budgeted capital expenditures for fiscal year 2025 include:

- Replacement of fleet vehicles
- Inverness storm drainage improvements
- Bobcat traffic improvements
- Dedicated pickleball courts at Harmony Park
- Phase II of the pool remodel project

General Fund revenues for fiscal year 2025 are budgeted to increase by 12.80% over estimated revenues for fiscal year 2024, while expenditures are projected to rise by 14.30% over fiscal year 2024 estimates. Despite these changes, the fiscal year 2025 budget maintains the ad valorem tax rate at \$0.415469 per \$100 of assessed value, ensuring stability for taxpayers while supporting the Town's strategic initiatives and operational needs.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Trophy Club Director of Finance, 1 Trophy Wood Drive, Trophy Club, Texas, 76262. This information can also be accessed on the Town of Trophy Club's website at www.trophyclub.org.





TOWN OF
TROPHY CLUB

Basic Financial Statements



TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas
Statement of Net Position
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
Assets and Deferred Outflows of Resources				
Assets				
Cash and cash equivalents	\$ 30,499,346	\$ 2,284,095	\$ 32,783,441	\$ 2,190,353
Investments	6,158,244	-	6,158,244	-
Taxes receivable, net	566,207	-	566,207	129,550
Special assessments receivable	15,080,873	-	15,080,873	-
Receivables, net	74,826	38,536	113,362	-
Due from other governments	7,505	-	7,505	-
Due from primary government	-	-	-	35,105
Notes receivable	-	-	-	149,250
Prepaid and other assets	2,950	1,880	4,830	-
Lease receivable	216,276	-	216,276	-
Capital assets not being depreciated	12,684,743	-	12,684,743	2,538,765
Capital and lease assets, net of accumulated depreciation/amortization	48,425,342	1,781,537	50,206,879	236,642
Total assets	113,716,312	4,106,048	117,822,360	5,279,665
Deferred Outflows of Resources				
Pension related	1,756,778	-	1,756,778	-
OPEB related	38,612	-	38,612	-
Deferred charge on refunding	1,629,246	-	1,629,246	-
Total deferred outflows of resources	3,424,636	-	3,424,636	-
Total assets and deferred outflows of resources	\$ 117,140,948	\$ 4,106,048	\$ 121,246,996	\$ 5,279,665

Town of Trophy Club, Texas
Statement of Net Position
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable	\$ 926,916	\$ 21,872	\$ 948,788	\$ 8,221
Accrued liabilities	316,565	1,311	317,876	-
Unearned revenue	3,088,232	-	3,088,232	-
Due to component unit	35,105	-	35,105	-
Accrued interest payable - bonds	298,242	-	298,242	5,700
Noncurrent liabilities:				
Due within one year:				
Bonds payable	3,912,000	-	3,912,000	125,000
Leases payable	37,299	-	37,299	-
Compensated absences	366,899	-	366,899	-
Due in more than one year:				
Bonds payable	39,373,541	-	39,373,541	1,580,456
Leases payable	11,995	-	11,995	-
Compensated absences	40,767	-	40,767	-
Total OPEB liability	307,271	-	307,271	-
Net pension liability	2,762,505	-	2,762,505	-
Total liabilities	51,477,337	23,183	51,500,520	1,719,377
Deferred Inflows of Resources				
Pension related	55,764	-	55,764	-
OPEB related	133,677	-	133,677	-
Lease related	196,478	-	196,478	-
Total deferred inflows of resources	385,919	-	385,919	-
Net Position				
Net investment in capital assets	30,100,766	1,781,537	31,882,303	1,069,951
Restricted:				
Municipal court	84,077	-	84,077	-
Debt service	4,454,115	-	4,454,115	97,127
Economic development	-	-	-	2,393,210
Public safety	322,571	-	322,571	-
Street maintenance	508,672	-	508,672	-
Tourism	3,317,903	-	3,317,903	-
Parks	632,834	-	632,834	-
Unrestricted	25,856,754	2,301,328	28,158,082	-
Total net position	65,277,692	4,082,865	69,360,557	3,560,288
Total liabilities, deferred inflows of resources and net position	\$ 117,140,948	\$ 4,106,048	\$ 121,246,996	\$ 5,279,665

Town of Trophy Club, Texas
Statement of Activities
Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 632,029	\$ 321,820	\$ -	\$ -
Manager's office	486,130	-	-	-
Town secretary	212,947	-	-	-
Mayor & council	7,662	-	-	-
Human resources	357,993	-	-	-
Finance	617,969	-	-	-
Information services	598,600	-	-	-
Legal	138,548	-	-	-
Municipal court	250,929	349,697	-	-
Police	4,316,645	161,706	12,700	-
Fire	1,901,264	1,747,461	146,662	-
Emergency medical services	1,769,995	162,587	-	-
Facilities management	1,501,274	-	-	-
Parks and recreation	3,132,835	355,367	-	-
Community development	606,080	10,250	-	-
Tourism	382,094	-	-	-
Sanitation	-	1,141,025	-	-
Public works	2,762,037	5,175	-	-
Interest and fiscal charges	1,406,043	-	-	-
Total governmental activities	21,081,074	4,255,088	159,362	-
Business-type Activities:				
Storm Drainage Utility	284,437	432,307	-	-
Trophy Club Park	135,419	182,116	-	-
Total business-type activities	419,856	614,423	-	-
Total primary government	\$ 21,500,930	\$ 4,869,511	\$ 159,362	\$ -
Component Unit				
Economic Development Corporation	167,937	-	-	-
Total component unit	\$ 167,937	\$ -	\$ -	\$ -
General Revenues				
Taxes:				
Property taxes				
Sales and mixed beverage taxes				
Franchise and local taxes				
Occupancy taxes				
Other revenues				
Investment income				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development Corporation
\$ (310,209)	\$ -	\$ (310,209)	\$ -
(486,130)	-	(486,130)	-
(212,947)	-	(212,947)	-
(7,662)	-	(7,662)	-
(357,993)	-	(357,993)	-
(617,969)	-	(617,969)	-
(598,600)	-	(598,600)	-
(138,548)	-	(138,548)	-
98,768	-	98,768	-
(4,142,239)	-	(4,142,239)	-
(7,141)	-	(7,141)	-
(1,607,408)	-	(1,607,408)	-
(1,501,274)	-	(1,501,274)	-
(2,777,468)	-	(2,777,468)	-
(595,830)	-	(595,830)	-
(382,094)	-	(382,094)	-
1,141,025	-	1,141,025	-
(2,756,862)	-	(2,756,862)	-
(1,406,043)	-	(1,406,043)	-
(16,666,624)	-	(16,666,624)	-
-	147,870	147,870	-
-	46,697	46,697	-
-	194,567	194,567	-
\$ (16,666,624)	\$ 194,567	\$ (16,472,057)	\$ -
			(167,937)
			<u>\$ (167,937)</u>
11,858,764	-	11,858,764	-
2,630,932	-	2,630,932	865,900
1,029,212	-	1,029,212	-
885,378	-	885,378	-
721,499	150	721,649	-
2,095,412	85,289	2,180,701	88,512
(142,625)	142,625	-	-
19,078,572	228,064	19,306,636	954,412
2,411,948	422,631	2,834,579	786,475
62,865,744	3,660,234	66,525,978	2,773,813
\$ 65,277,692	\$ 4,082,865	\$ 69,360,557	\$ 3,560,288

Town of Trophy Club, Texas
Balance Sheet
Governmental Funds
September 30, 2024

	General	Debt Service	Capital Projects	PID No 1
Assets				
Cash and cash equivalents	\$ 16,138,061	\$ 251,146	\$ 4,656,683	\$ 4,256,245
Investments	-	-	6,158,244	-
Taxes receivable, net	334,795	13,809	-	-
Special assessment receivable	-	-	-	15,080,873
Accounts receivable, net	74,826	-	-	-
Leases receivable	216,276	-	-	-
Due from other governments	7,505	-	-	-
Prepaid and other assets	2,950	-	-	-
Advances from other funds	439,779	-	-	-
Total assets	<u>\$ 17,214,192</u>	<u>\$ 264,955</u>	<u>\$ 10,814,927</u>	<u>\$ 19,337,118</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 724,344	\$ -	\$ 118,657	\$ -
Accrued liabilities	305,812	-	-	-
Unearned revenue	3,088,232	-	-	-
Due to component unit	11,700	-	-	-
Advances to other funds	-	-	-	53,276
Total liabilities	<u>4,130,088</u>	<u>-</u>	<u>118,657</u>	<u>53,276</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	43,009	13,809	-	-
Unavailable revenue - special assessments	-	-	-	15,080,873
Unavailable revenue - property liens	25,317	-	-	-
Leases related	196,478	-	-	-
Total deferred inflows of resources	<u>264,804</u>	<u>13,809</u>	<u>-</u>	<u>15,080,873</u>
Fund Balances				
Nonspendable:				
Prepaid items	2,950	-	-	-
Long-term interfund advances	439,779	-	-	-
Restricted for:				
Debt service	-	251,146	-	4,202,969
Capital projects	-	-	10,696,270	-
Municipal court	-	-	-	-
Public safety	-	-	-	-
Street maintenance	-	-	-	-
Tourism	-	-	-	-
Parks	-	-	-	-
Committed for:				
Recreation programs	-	-	-	-
Unassigned	12,376,571	-	-	-
Total fund balances	<u>12,819,300</u>	<u>251,146</u>	<u>10,696,270</u>	<u>4,202,969</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,214,192</u>	<u>\$ 264,955</u>	<u>\$ 10,814,927</u>	<u>\$ 19,337,118</u>

Nonmajor Governmental Funds		Total Governmental Funds	
\$	5,197,211	\$	30,499,346
	-		6,158,244
	217,603		566,207
	-		15,080,873
	-		74,826
	-		216,276
	-		7,505
	-		2,950
	-		439,779
<u>\$</u>	<u>5,414,814</u>	<u>\$</u>	<u>53,046,006</u>
\$	83,915	\$	926,916
	10,753		316,565
	-		3,088,232
	23,405		35,105
	386,503		439,779
	<u>504,576</u>		<u>4,806,597</u>
	-		56,818
	-		15,080,873
	-		25,317
	-		196,478
	<u>-</u>		<u>15,359,486</u>
	-		2,950
	-		439,779
	-		4,454,115
	15,295		10,711,565
	84,077		84,077
	322,571		322,571
	508,672		508,672
	3,317,903		3,317,903
	632,834		632,834
	28,886		28,886
	-		12,376,571
	<u>4,910,238</u>		<u>32,879,923</u>
<u>\$</u>	<u>5,414,814</u>	<u>\$</u>	<u>53,046,006</u>

Town of Trophy Club, Texas
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
September 30, 2024

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance per balance sheet	\$ 32,879,923
Capital and lease assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	61,110,085
Other long-term assets less related uncollectibles are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	15,163,008
Accrued interest payable on long-term debt does not require current financial resources and therefore is not reported as a liability in the balance sheet of governmental funds.	(298,242)
Long-term liabilities, including bonds payable, leases payable, net pension liability, and total OPEB liability (and the related deferred inflows and deferred outflows) are not due and payable in the current period and therefore are not reported as liabilities, deferred outflows or deferred inflows in the governmental funds. Long-term liabilities consist of:	
General obligation bonds payable	\$ (5,165,000)
Certificate of obligation bonds payable	(16,800,000)
Special Assessment Bonds	(18,227,000)
Deferred charge on refunding	1,629,246
Unamortized premiums on bonds	(3,093,541)
Leases payable	(49,294)
Net pension liability	(2,762,505)
Total other postemployment benefit (OPEB) liability	(307,271)
Deferred outflows of resources – pension	1,756,778
Deferred outflows of resources – OPEB	38,612
Deferred inflows of resources – pension	(55,764)
Deferred inflows of resources – OPEB	(133,677)
Accrued compensated absences	(407,666)
	<u>(43,577,082)</u>
Net position of governmental activities	<u><u>\$ 65,277,692</u></u>

Town of Trophy Club, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2024

	General	Debt Service	Capital Projects	PID No 1
Revenues				
Property tax	\$ 9,004,625	\$ 2,846,453	\$ -	\$ -
Sales and mixed beverage taxes	1,788,866	-	-	-
Franchise and local taxes	1,029,212	-	-	-
Occupancy tax	-	-	-	-
Special assessments	-	-	-	2,275,465
License and permits	356,502	-	-	-
Intergovernmental	1,877,504	-	-	-
Charges for services	1,653,680	-	-	-
Fines and fees	479,580	-	-	-
Lease revenue	105,010	-	-	-
Interest revenue - leases	15,712	-	-	-
Investment income	976,294	81,141	595,834	257,429
Other revenue	354,916	5,227	-	-
Total revenues	17,641,901	2,932,821	595,834	2,532,894
Expenditures				
Current:				
General government	121,571	-	20,125	93,153
Manager's office	473,438	-	-	-
Town secretary	208,835	-	-	-
Mayor & council	7,662	-	-	-
Human resources	351,267	-	-	-
Finance	608,058	-	-	-
Information services	572,452	-	-	-
Legal	138,548	-	-	-
Municipal court	248,929	-	-	-
Police	3,913,375	-	-	-
Fire	1,834,130	-	-	-
Emergency medical services	1,646,247	-	-	-
Facilities management	1,501,274	-	-	-
Parks and recreation	2,421,524	-	-	-
Community development	510,709	-	-	-
Tourism	-	-	-	-
Public works	328,921	-	-	-
Debt service:				
Principal	6,002	1,965,000	-	1,549,000
Interest and fiscal charges	1,696	745,304	-	770,852
Capital Outlay	248,584	-	486,044	-
Total expenditures	15,143,222	2,710,304	506,169	2,413,005
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,498,679	222,517	89,665	119,889
Other Financing Sources (Uses)				
Transfers in	151,500	-	-	-
Transfers out	(255,487)	(177,625)	-	-
Sale of general capital assets	8,274	-	-	-
Total other financing sources (uses)	(95,713)	(177,625)	-	-
Net Change in Fund Balances	2,402,966	44,892	89,665	119,889
Fund Balances, Beginning of Year	10,416,334	206,254	10,606,605	4,083,080
Fund Balances, End of Year	\$ 12,819,300	\$ 251,146	\$ 10,696,270	\$ 4,202,969

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 11,851,078
842,066	2,630,932
-	1,029,212
885,378	885,378
-	2,275,465
-	356,502
12,700	1,890,204
8,101	1,661,781
26,383	505,963
-	105,010
-	15,712
184,714	2,095,412
243,721	603,864
<u>2,203,063</u>	<u>25,906,513</u>
-	234,849
-	473,438
-	208,835
-	7,662
-	351,267
-	608,058
-	572,452
-	138,548
2,000	250,929
138,177	4,051,552
-	1,834,130
-	1,646,247
-	1,501,274
390	2,421,914
67,735	578,444
376,841	376,841
288,375	617,296
30,449	3,550,451
731	1,518,583
241,843	976,471
<u>1,146,541</u>	<u>21,919,241</u>
<u>1,056,522</u>	<u>3,987,272</u>
255,487	406,987
(116,500)	(549,612)
-	8,274
<u>138,987</u>	<u>(134,351)</u>
1,195,509	3,852,921
<u>3,714,729</u>	<u>29,027,002</u>
<u>\$ 4,910,238</u>	<u>\$ 32,879,923</u>

Town of Trophy Club, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2024

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds		\$ 3,852,921
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay exceeds depreciation and amortization in the current period.		
Capital outlay expenditures	\$ 976,471	
Depreciation and amortization expense	<u>(3,563,625)</u>	(2,587,154)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(12,461)
Loss on sale of assets		
Certain revenues in the government-wide statement of activities that do/(do not) provide current financial resources and (are)/are not reported as revenues in the governmental funds. This amount is the net change in deferred inflows of resources.		(2,266,678)
The issuance of long-term debt (e.g. bond proceeds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Amortization of bond premium	329,545	
Principal amount of debt paid to bondholders and lessors	3,550,451	
Net change in accrued interest payable	83	
Amortization of deferred charge on refunding	<u>(217,088)</u>	3,662,991
Some expenditures reported in the statement of revenues, expenditures, and changes in fund balances do/(do not) require the use of current financial resources but (are)/are not reported as expenses in the statement of activities. This adjustment is to reflect the net change in accrued compensated absences.		(80,501)
Current year OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in total OPEB liability and related deferred outflows and inflows of resources balances.		(2,151)
Current year pension expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in net pension liability and related deferred outflows and inflows of resources balances.		<u>(155,019)</u>
Change in net position of governmental activities		<u>\$ 2,411,948</u>

Town of Trophy Club, Texas
Statement of Net Position
Proprietary Funds
September 30, 2024

	Storm Drainage Utility	Nonmajor Fund Trophy Club Park	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 1,891,667	\$ 392,428	\$ 2,284,095
Accounts receivable, net	38,536	-	38,536
Prepaid items	-	1,880	1,880
Total current assets	1,930,203	394,308	2,324,511
Noncurrent assets			
Capital assets:			
Net depreciable capital assets	1,556,789	224,748	1,781,537
Total noncurrent assets	1,556,789	224,748	1,781,537
Total assets	3,486,992	619,056	4,106,048
Liabilities			
Current liabilities			
Accounts payable	20,880	992	21,872
Accrued liabilities	1,273	38	1,311
Total liabilities	22,153	1,030	23,183
Net Position			
Net investment in capital assets	1,556,789	224,748	1,781,537
Unrestricted	1,908,050	393,278	2,301,328
Total net position	\$ 3,464,839	\$ 618,026	\$ 4,082,865

Town of Trophy Club, Texas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2024

	Storm Drainage Utility	Nonmajor Fund Trophy Club Park	Total
Operating Revenues			
Charges for services	\$ 432,307	\$ 182,266	\$ 614,573
Total operating revenues	432,307	182,266	614,573
Operating Expenses			
Salaries and benefits	63,793	46,892	110,685
Supplies and materials	-	1,218	1,218
Repairs and maintenance	8,350	8,892	17,242
Utilities	5,545	5,657	11,202
Contractual services	154,337	51,739	206,076
Depreciation	51,083	21,021	72,104
Total operating expenses	283,108	135,419	418,527
Operating Income	149,199	46,847	196,046
Nonoperating Revenues (Expenses)			
Investment income	84,344	945	85,289
Interest expense	(1,329)	-	(1,329)
Total nonoperating revenues (expenses)	83,015	945	83,960
Income Before Transfers	232,214	47,792	280,006
Transfers in	177,625	-	177,625
Transfers out	(20,000)	(15,000)	(35,000)
Change in Net Position	389,839	32,792	422,631
Net Position, Beginning of Year	3,075,000	585,234	3,660,234
Net Position, End of Year	\$ 3,464,839	\$ 618,026	\$ 4,082,865

Town of Trophy Club, Texas
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2024

	Business-type Activities		
		Nonmajor Fund	
	Storm Drainage Utility	Trophy Club Park	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 429,874	\$ 182,266	\$ 612,140
Payments to suppliers and service providers	(175,716)	(87,914)	(263,630)
Payments to employees for salaries and benefits	(62,130)	(46,854)	(108,984)
Net cash provided by operating activities	192,028	47,498	239,526
Cash Flows from Noncapital Financing Activities			
Transfers to other funds	(20,000)	(15,000)	(35,000)
Transfers from other funds	177,625	-	177,625
Net cash provided by (used for) noncapital financing activities	157,625	(15,000)	142,625
Cash Flows from Capital and Related Financing Activities			
Interest paid on capital debt	(2,624)	-	(2,624)
Principal paid on capital debt	(175,000)	-	(175,000)
Net cash used for capital and related financing activities	(177,624)	-	(177,624)
Cash Flows from Investing Activities			
Interest on investments	84,344	945	85,289
Net cash provided by investing activities	84,344	945	85,289
Net Increase in Cash and Cash Equivalents	256,373	33,443	289,816
Cash and Cash Equivalents, Beginning	1,635,294	358,985	1,994,279
Cash and Cash Equivalents, Ending	<u>\$ 1,891,667</u>	<u>\$ 392,428</u>	<u>\$ 2,284,095</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 149,199	\$ 46,847	\$ 196,046
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	51,083	21,021	72,104
Changes in operating assets and liabilities:			
(Increase) Decrease in:			
Accounts receivable	(2,433)	-	(2,433)
Prepaid items	-	(1,404)	(1,404)
Increase (Decrease) in:			
Accounts payable	(7,484)	(19,004)	(26,488)
Accrued liabilities	1,663	38	1,701
Net cash provided by operating activities	<u>\$ 192,028</u>	<u>\$ 47,498</u>	<u>\$ 239,526</u>



Notes to Financial Statements



Note 1. Summary of Significant Accounting Policies

The Town of Trophy Club (Town) is a “home rule town” incorporated in 1985. The Town operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and emergency medical services), parks, public works (public improvements, streets, planning, and zoning), and general administrative services.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town’s significant accounting policies are described below.

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The Town currently has no fiduciary activities. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

Financial Reporting Entity

The Town of Trophy Club is a municipal corporation governed by an elected mayor and a six- member council. The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the primary government.

Public Improvement District (PID) No. 1

On May 7, 2007, the Trophy Club Town Council approved Resolution 2007-08 authorizing and providing for the creation of a Public Improvement District. Trophy Club PID No.1 consists of approximately 609.68 acres within the corporate limits of the Town of Trophy Club. This District was created in accordance with Chapter 372 of the Texas Local Government Code. The PID issued refunding bonds in December 2015, with the approval of Town Council. The Town Council must review and update the service plan annually for the purpose of determining the annual budget for the PID No. 1. In addition, the PID No. 1 exclusively or almost exclusively benefits the primary government. The PID No. 1 is reported as a major special revenue fund and does not issue separate financial statements.

Town of Trophy Club, Texas
Notes to the Financial Statements
September 30, 2024

Tax Increment Reinvestment Zone No. 1 (TIRZ No. 1)

The Tax Increment Reinvestment Zone No. 1 is governed by a board appointed by the Town's Council. The Town can impose its will on the TIRZ No. 1 and affect the day-to-day operations of the TIRZ No. 1 by removing appointed board members at will. The TIRZ No. 1 is funded by revenues generated through tax increment financing. Total debt outstanding is to be paid entirely with resources of the Town. Therefore, per GASB 14 paragraph 32, the primary government has an obligation to provide support to the TIRZ No. 1 (a financial burden). The TIRZ No. 1 is reported as a nonmajor special revenue fund and does not issue separate financial statements.

Crime Control and Prevention District

The Crime Control and Prevention District (CCPD) was formed under Chapter 363 of the Texas Local Government Code, the *Crime Control and Prevention Act*. The CCPD is organized exclusively to act on behalf of the Town to finance crime control within the Town. The CCPD is governed by a seven member board appointed by the Town Council. The annual budget and issuance of debt must be approved by the Town Council. The CCPD provides services entirely, or almost entirely to the primary government. The CCPD is reported as a nonmajor special revenue fund and does not issue separate financial statements.

Discretely Presented Component Unit

Economic Development Corporation

The Economic Development Corporation (EDC) serves all citizens of the Town and is governed by a board appointed by the Town's elected council. The Town can impose its will on the EDC and affect the day-to-day operations of the EDC by removing appointed board members at will. The scope of public service of the EDC benefits the Town and its citizens and is operated within the geographic boundaries of the Town. Since the EDC's governing body is not substantively the same as the governing body of the primary government, does not provide services entirely, or almost entirely to the primary government, nor does it maintain debt of any type that are repaid using Town resources, it has been reported as a discretely presented component unit. Separate financial statements for the EDC component unit are not prepared.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the Town has one discretely presented component unit. It is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided, and other charges between various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its blended component units. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

- **General Fund** – The General Fund is the main operating fund of the Town. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.
- **Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the Town. The fund balance of the Debt Service Fund is restricted to signify the amounts that are restricted exclusively for debt service expenditures.
- **Capital Projects Fund** – The Capital Projects Fund is used to account for funds received and expended for acquisition and construction of infrastructure and other capital assets.
- **Public Improvement District (PID) No. 1** – This fund accounts for bond proceeds, assessments and related debt associated with the issuance of bonds issued by the Town for the Public Improvement District.

The Town reports the following major enterprise fund:

- **Storm Drainage Utility Fund** – The storm drainage utility fund accounts for the storm drainage utility fee designated for the maintenance of the Town's storm drainage system.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 1 year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for the general, PID No. 1, hotel occupancy tax, street maintenance sales tax, court technology, court security, recreation programs, park land dedication, crime control and prevention district, and TIRZ No. 1 funds. The capital projects fund is appropriated on a project-length basis. The grants fund does not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

The original budget is adopted by the Town Council prior to the beginning of the year. The legal level of control as defined by the Town Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without Town Council approval.

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Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget pursuant to state regulations, and the encumbrances are automatically reestablished in the next year.

Deposits and Investments

The Town's cash and cash equivalents includes cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Because the Town, at its option, can withdraw funds within a twenty-four hour period from TexPool and Texas Class, these investments are considered to be cash equivalents.

State statutes authorize the Town to invest in: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are: (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (B) secured by obligations that are described by (1) – (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the Town, and placed through a primary government securities dealer. The Town's investments are governed by the same state statutes.

All investments are recorded at fair value based on quoted market prices or amortized cost. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital and Lease Assets

Capital and lease assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital and lease assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

As the Town constructs or acquires capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the Town are depreciated/amortized using the straight-line method over the following estimated useful lives or lease term, whichever is shorter:

Buildings	30 Years
Improvements other than buildings	10-30 Years
Improvements other than buildings (streets)	30 Years
Machinery and equipment	7-15 Years
Vehicles	5-10 Years
Water system	25 Years
Infrastructure (storm drainage system)	40 Years

Lease Receivable

The Town is a lessor of its multiple water towers and recognizes a related lease receivable and a deferred inflow of resources. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has three items that qualify for reporting in this category. The three items are the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to contributions after the measurement date, changes in actuarial assumptions, the difference in expected and actual economic experience, and difference between projected and actual investment earnings.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has four items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from: property taxes, special assessments, and property liens. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the Town reports deferred amounts related to pension relating to the changes in actuarial assumptions and difference in expected and actual economic experience. In both the government-wide financial statements and governmental funds financial statements, the Town reports deferred amounts related to leases which is comprised of the initial value of the lease receivable systematically reduced and recognized as lease revenue over the term of the lease.

Unearned Revenue

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of grant dollars received in advance of incurring eligible expenditures.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures.

In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

Lease Liability

The Town is a lessee for noncancellable leases. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life or the lease term, whichever is shorter.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

The Town has two single-employer defined benefit other postemployment benefit (OPEB) plans (Plans). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

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- Net investment in capital assets consists of capital and lease assets, net of accumulated depreciation and amortization and reduced by outstanding balances of bonds, notes, leases, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The Town's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- Committed fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Town's Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation.
- Assigned fund balance represents amounts that are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the finance director and town manager to assign fund balance. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be

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used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Minimum Fund Balance Policy

The Council has adopted a financial policy to maintain a level of unassigned fund balance in the general fund. The target level is set at six months of general fund annual expenditures (approximately 45%). This amount is intended to provide a fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level.

Program Revenues

Amounts reported as program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the Town.

Property taxes at the fund level are recorded as receivables and unavailable revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

Accumulated Vacation, Compensated Time, and Sick Leave

It is the Town's policy to permit employees to accumulate earned, but unused vacation pay benefits. No liability is reported for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the storm drainage utility fund is charges to customers for sales and services. The principal operating revenues of the trophy club park fund is charges to customers for access to the park. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Excess of Expenditures over Appropriations

For the year ended September 30, 2024, the Public Improvement District No. 1 exceeded appropriations by \$67,156 due to higher administrative expense than originally estimated.

Future Financial Reporting Requirements

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement will take effect for the Town's fiscal year 2025. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement will take effect for the Town's fiscal year 2025. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve the financial reporting model by standardizing the presentation for various matters within governmental financial statements. The purpose is to eliminate diversity practice and improve comparability. The requirements of this Statement will take effect for the Town's fiscal year 2026. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to improve disclosures related to certain types of capital assets. The purpose is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement will take effect for the Town's fiscal year 2026. Management has not yet determined the impact of this Statement on its financial statements.

Note 2. Cash and Investments

The Town utilizes a pooled cash and investment concept for all its funds, to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

Deposits

At September 30, 2024, the carrying amount of the Town's demand deposits, including its component unit, totaled \$18,111,802 and the bank balance was \$17,906,500. Cash on hand for the Town was \$300 and the carrying amount and bank balance of cash for the Public Improvement District No. 1 was \$4,256,245.

Custodial Credit Risk

In the case of deposits, this is the risk that, in the event of a bank's failure, the Town's deposits may not be returned to it. Pursuant to provisions of both the *Texas Public Funds Investment Act* and the Public Funds Investment Policy of the Town, deposits of the Town that exceed the federal depository insurance coverage levels are materially collateralized with securities held by a third party custodian in the Town's name. Investments, other than investments that are obligations of the U.S. government, its agencies, and instrumentalities, are insured or registered in the Town's name and held by a third party custodian.

Investments

The Town's investment policies are governed by state statutes. The Town's investment policies further limit state statutes such that eligible investments include the following:

1. Obligations, including letters of credit, of the United States, its agencies, and instrumentalities, including the Federal Home Loan Banks.
2. Direct obligations of the State of Texas, its agencies and instrumentalities or obligations of agencies, counties, cities, and other political subdivisions of this State rated as to investment quality by a nationally recognized investment rating firm of not less than "A" or its equivalent.
3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.
4. Certificates of Deposit and other forms of deposit issued by a depository institution that has its main office or a branch office in Texas. The certificate of deposit must be guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor or secured by obligations in a manner and amount as provided by law. In addition, deposits obtained through a depository institution that has its main office or a branch office in Texas and that contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256. 01 0(b) of the *Public Funds Investment Act* are authorized investments.

Additionally, funds invested by the Town through a broker that has a main office or branch office in Texas and is selected from a list approved by the Town as required by section 2656.025 of the *Public Funds Investment Act* or a depository institution that has a main office or branch office in Texas and is selected by the Town are authorized investments if the following conditions are met:

- a. the broker or depository institution selected by the Town as specified above arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Town;

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- b. the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
 - c. the Town appoints a depository bank, or a clearing broker registered with the Securities and Exchange Commission Rule 15c-3 (17CFR, Section 240 15c3-3) as custodian for the Town with respect to the certificates of deposit issued for account to the Town.
5. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities. These shall be pledged to the Town of Trophy Club, held in an account in the Town of Trophy Club's name, and deposited at the time the investment is made with the Town of Trophy Club or with a third-party selected and approved by the Town of Trophy Club. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas. A Master Repurchase Agreement, or similar agreement, must be signed by the bank/dealer prior to investment in a repurchase agreement. All repurchase agreement transactions will be on a delivery versus payment basis. Securities received for repurchase agreements must have a market value greater than or equal to 102 percent at the time funds are disbursed. (This section pertains to Sweep Accounts and/or Bond Proceeds)
6. No-Load Money Market Mutual funds that: 1) are registered and regulated by the Securities and Exchange Commission and provide a prospectus and other information required by the *Securities and Exchange Act of 1934* (15 U.S.C. Section 78a) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1), and 2) seek to maintain a stable net asset value of \$1.0000 per share.
7. Local government investment pools, which: 1) meet the requirements of Chapter 2256.016 of the *Public Funds Investment Act*, 2) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, and 3) are authorized by resolution or ordinance by the Town Council. In addition, a local government investment pool created to function as a money market mutual fund must mark its portfolio to the market daily and, to the extent reasonably possible, stabilize at a \$1.0000 net asset value.

Investment Pools

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2024, the fair value of the position in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience, and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas *Public Funds Investment Act*. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAM' by Standard and Poor's Ratings Services. The 'AAAM' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas CLASS's outstanding credit quality and management. At September 30, 2024, the fair value of the position in Texas CLASS approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

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Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the maximum maturity length of investments to three years.

As of September 30, 2024, the Town had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)	Investment Maturities (in Years)
		Less Than 1 Year	More Than 1 Year
Texas CLASS	\$ 3,587,294	\$ 3,587,294	\$ -
TexPool	9,018,153	9,018,153	-
Non-negotiable CDs	6,158,244	-	6,158,244
Total	<u>\$ 18,763,691</u>	<u>\$ 12,605,447</u>	<u>\$ 6,158,244</u>

Credit Risk

The Town's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAAm, or equivalent, by at least one nationally recognized rating service.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the Town's investment in a single issuer. The Town's investment policy states that the investment portfolio shall be diversified so that potential losses on individual issuers will be minimized. At September 30, 2024, the Town's investments are 67% in investment pools and 33% in non-negotiable CDs.

Fair Value of Investments

The Town measures and records its investments using, as appropriately, fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1** Quoted prices for identical investments in active markets;
- Level 2** Observable inputs other than those in Level 1; and
- Level 3** Unobservable inputs.

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Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Certificates of deposit classified in level 2 are valued using broker quotes that utilize observable market inputs. Securities classified as Level 3 have limited trade information, these securities are priced or using the last trade price or estimated using recent trade prices. At September 30, 2024, the Town had no investments in the fair value hierarchy.

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included below approximate net asset value for the applicable external investment pool balances. Additionally, the Town has investments in governmental pools and nonnegotiable CDs as listed below, which are recorded at amortized cost, and excluded from the fair value hierarchy.

At September 30, 2024, the Town had the following investments:

Investments measured at net asset value	
Texas CLASS	\$ 3,587,294
Investments measured at amortized cost	
Non-negotiable CDs	6,158,244
TexPool	<u>9,018,153</u>
Total investments	<u><u>\$ 18,763,691</u></u>

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Note 3. Receivables

Below is the detail of receivables for the Town's major and nonmajor funds, including the applicable allowances for doubtful accounts:

	General	Debt Service	PID No. 1	Nonmajor Governmental	Storm Drainage Utility	Total
Receivables						
Property taxes	\$ 43,009	\$ 13,809	\$ -	\$ -	\$ -	\$ 56,818
Sales Tax	254,632	-	-	126,058	-	380,690
Franchise taxes	37,154	-	-	-	-	37,154
Hotel occupancy	-	-	-	102,045	-	102,045
Special assessments	-	-	15,080,873	-	-	15,080,873
Due from other governments	7,505	-	-	-	-	7,505
Municipal court	28,047	-	-	-	-	28,047
EMS	176,108	-	-	-	-	176,108
Storm drainage	-	-	-	-	38,536	38,536
Leases	216,276	-	-	-	-	216,276
Other	21,295	-	-	-	-	21,295
Gross receivables	784,026	13,809	15,080,873	228,103	38,536	16,145,347
Less: allowance for doubtful accounts	(150,624)	-	-	(10,500)	-	(161,124)
Net receivables	<u>\$ 633,402</u>	<u>\$ 13,809</u>	<u>\$ 15,080,873</u>	<u>\$ 217,603</u>	<u>\$ 38,536</u>	<u>\$ 15,984,223</u>

Based on the payment schedule for special assessment receivables, approximately \$12,713,000 of the amount reported in the PID No. 1 fund is not expected to be collected within the next year.

Leases Receivable

The Town leases several water towers to third parties, terms of which expire in various years through 2027. The Town recognized approximately \$105,000 in lease revenue and \$16,000 in interest revenue during the current fiscal year related to the leases. As of September 30, 2024, the Town's receivable for lease payments was \$216,276. Also, the Town has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources was \$196,478.

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Note 4. Capital and Lease Assets

Capital and lease assets activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Sales/ Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 10,487,119	\$ -	\$ -	\$ -	\$ 10,487,119
Construction in progress	2,197,624	-	-	-	2,197,624
Total capital assets, not being depreciated	12,684,743	-	-	-	12,684,743
Capital and lease assets, being depreciated/amortized:					
Buildings	10,659,919	-	-	-	10,659,919
Improvements other than buildings	66,011,957	373,948	(12,461)	-	66,373,444
Machinery and equipment	2,966,834	298,727	(140,092)	-	3,125,469
Vehicles	2,385,573	163,796	(94,633)	-	2,454,736
Water system	5,362,005	-	-	-	5,362,005
Lease asset - equipment	151,007	-	-	-	151,007
Infrastructure	14,332,062	140,000	-	-	14,472,062
Total capital and lease assets, being depreciated/amortized	101,869,357	976,471	(247,186)	-	102,598,642
Less accumulated depreciation/amortization for:					
Buildings	2,579,208	386,789	-	-	2,965,997
Improvements other than buildings	35,129,757	2,149,788	-	-	37,279,545
Machinery and equipment	2,254,026	213,489	(140,092)	-	2,327,423
Vehicles	1,277,176	237,335	(94,633)	-	1,419,878
Water system	2,200,308	175,876	-	-	2,376,184
Lease asset - equipment	53,997	37,116	-	-	91,113
Infrastructure	7,349,928	363,232	-	-	7,713,160
Total accumulated depreciation/amortization	50,844,400	3,563,625	(234,725)	-	54,173,300
Total capital and lease assets, being depreciated/amortized	51,024,957	(2,587,154)	(12,461)	-	48,425,342
Governmental activities capital and lease assets, net	\$ 63,709,700	\$ (2,587,154)	\$ (12,461)	\$ -	\$ 61,110,085
Business-Type activities:					
Capital assets, being depreciated:					
Improvements other than Buildings	\$ 158,887	\$ -	\$ -	\$ -	\$ 158,887
Machinery and equipment	97,592	-	-	-	97,592
Improvements	33,365	-	-	-	33,365
Infrastructure	2,039,766	-	-	-	2,039,766
Total capital assets, being depreciated	2,329,610	-	-	-	2,329,610
Less accumulated depreciation for:					
Improvements other than Buildings	8,930	7,950	-	-	16,880
Machinery and equipment	24,303	9,735	-	-	34,038
Improvements	10,842	3,336	-	-	14,178
Infrastructure	431,894	51,083	-	-	482,977
Total accumulated depreciation	475,969	72,104	-	-	548,073
Total capital assets, being depreciated, net	1,853,641	(72,104)	-	-	1,781,537
Business-type activities capital assets, net	\$ 1,853,641	\$ (72,104)	\$ -	\$ -	\$ 1,781,537

Town of Trophy Club, Texas
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Depreciation and amortization expense was charged to the functions/programs of the primary government as follows:

Governmental Activities

General government	\$ 394,188
Emergency medical services	87,503
Information systems	26,148
Police	180,007
Fire	30,889
Parks and recreation	683,874
Community development	20,244
Public works	<u>2,140,772</u>

Total governmental activities depreciation/amortization expense	<u>\$ 3,563,625</u>
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Business-type Activities

Trophy Club Park	\$ 21,021
Storm Drainage Utility	<u>51,083</u>

Total business-type activities	<u>\$ 72,104</u>
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Note 5. Long-term Liabilities

The following is a summary of changes in the Town's total long-term liabilities for the year ended September 30, 2024.

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 5,890,000	\$ -	\$ 725,000	\$ 5,165,000	\$ 740,000
Certificates of Obligation	18,040,000	-	1,240,000	16,800,000	1,545,000
Special Assessment Bonds	19,776,000	-	1,549,000	18,227,000	1,627,000
Bond Premiums	<u>3,423,086</u>	<u>-</u>	<u>329,545</u>	<u>3,093,541</u>	<u>-</u>
Total bonds payable	<u>47,129,086</u>	<u>-</u>	<u>3,843,545</u>	<u>43,285,541</u>	<u>3,912,000</u>
Leases payable	85,745	-	36,451	49,294	37,299
Compensated absences	<u>327,165</u>	<u>396,146</u>	<u>315,645</u>	<u>407,666</u>	<u>366,899</u>
Total governmental activities	<u>\$ 47,541,996</u>	<u>\$ 396,146</u>	<u>\$ 4,195,641</u>	<u>\$ 43,742,501</u>	<u>\$ 4,316,198</u>
Business-Type Activities:					
Certificates of Obligation	\$ 175,000	\$ -	\$ 175,000	\$ -	\$ -
Bond Premiums	<u>468</u>	<u>-</u>	<u>468</u>	<u>-</u>	<u>-</u>
Total bonds payable	<u>175,468</u>	<u>-</u>	<u>175,468</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ 175,468</u>	<u>\$ -</u>	<u>\$ 175,468</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Trophy Club, Texas
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The Town intends to retire all of its governmental activities general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The special assessment bonds are expected to be liquidated from the PID No. 1 fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund.

General Obligation Bonds

The Town issues general obligation bonds and certificates of obligations to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds and certificates of obligation outstanding at September 30, 2024, are as follows:

Governmental Activities	Interest Rate (%)	Final Maturity	Original Borrowing	Outstanding at Year-End
General Obligation Bonds:				
General Obligation Refunding Series 2015	2.18	2025	\$ 2,030,000	\$ 245,000
General Obligation Series 2016	2.00-3.00	2036	5,245,000	3,370,000
General Obligation Refunding Series 2020	1.16	2030	3,550,000	1,550,000
				<u>\$ 5,165,000</u>
Certificate of Obligations:				
Certificates of Obligation Series 2013	2.50-3.25	2028	1,300,000	470,000
Certificates of Obligation Series 2014	2.00-4.00	2034	2,500,000	1,435,000
Certificates of Obligation Series 2016	2.00-4.00	2036	4,210,000	2,820,000
Certificates of Obligation Series 2017	2.50-3.00	2037	4,445,000	2,685,000
Certificates of Obligation Series 2021	2.00-4.00	2041	4,305,000	3,030,000
Certificates of Obligation Series 2023	4.00-5.00	2043	6,925,000	6,360,000
				<u>\$ 16,800,000</u>

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Special Assessment Bonds

The Town also issued special assessment debt in 2015 to provide funds for improvements within Trophy Club PID No. 1 area. These bonds will be repaid from special assessments levied on the property owners benefiting from this construction. Those amounts, including interest, are 100% pledged to pay the scheduled principal and interest payments on the special assessment bonds. The Town is not obligated to pay the bonds from any funds raised from taxation or from any other revenues available to the Town.

Governmental Activities	Interest Rate (%)	Final Maturity	Original Borrowing	Outstanding at Year-End
Special Assessment:				
Special Assessment Revenue Refunding-Series 2015	2.00-4.00	2033	\$ 26,154,979	\$ 18,227,000
				<u>\$ 18,227,000</u>

The debt service requirements for the Town's bonds are as follows:

Year Ended September 30	Governmental Activities		
	Principal	Interest	Total Requirements
2025	\$ 3,912,000	\$ 1,347,982	\$ 5,259,982
2026	3,218,000	1,225,121	4,443,121
2027	3,343,000	1,128,935	4,471,935
2028	3,477,000	1,027,618	4,504,618
2029	1,495,000	920,958	2,415,958
2030-2034	18,172,000	2,606,068	20,778,068
2035-2039	4,540,000	681,375	5,221,375
2040-2043	2,035,000	140,350	2,175,350
Total	<u>\$ 40,192,000</u>	<u>\$ 9,078,407</u>	<u>\$ 49,270,407</u>

Town of Trophy Club, Texas
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Leases Payable

The Town has agreements as lessee for equipment and copiers, the terms of which expire in various years through 2027.

The following is a schedule by year of payments under the leases as of September 30, 2024:

Year Ending September 30,	Principal	Interest	Total
2025	\$ 37,299	\$ 1,579	\$ 38,878
2026	7,010	688	7,698
2027	4,985	147	5,132
Total	<u>\$ 49,294</u>	<u>\$ 2,414</u>	<u>\$ 51,708</u>

Note 6. Interfund Transactions

Due to/from component unit

The composition of amounts due to/from component unit as of September 30, 2024, is as follows:

Receivable	Payable	Amount
Component Unit	General Fund	\$ 11,700
	Nonmajor Governmental Fund	<u>23,405</u>
		<u>\$ 35,105</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
General Fund	PID No. 1	\$ 53,276
General Fund	Nonmajor Governmental Fund	<u>386,503</u>
		<u>\$ 439,779</u>

Town of Trophy Club, Texas
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The amount payable to the general fund from the nonmajor governmental fund relates to a working capital loan made to a nonmajor governmental fund. None of the balance is scheduled to be collected in the subsequent year. The amount payable to the general fund from the Public Improvement District No. 1 fund relates to expenditures paid for by the general fund during prior years. The balance is expected to be paid in future years as the Public Improvement District No. 1 fund increases revenues.

Interfund transfers

The composition of interfund transfers for the year ended September 30, 2024, is as follows:

Transfer Out:	Transfer In			Total
	General	Nonmajor Governmental Funds	Storm Drainage Utility Fund	
General Fund	\$ -	\$ 255,487	\$ -	\$ 255,487
Debt Service Fund	-	-	177,625	177,625
Nonmajor Governmental Funds	116,500	-	-	116,500
Storm Drainage Utility Fund	20,000	-	-	20,000
Nonmajor Enterprise Fund	15,000	-	-	15,000
Total	<u>\$ 151,500</u>	<u>\$ 255,487</u>	<u>\$ 177,625</u>	<u>\$ 584,612</u>

Transfers were primarily used to support debt service, capital expenditures, and to transfer funds to the general fund for budgeted administrative costs.

Note 7. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The Town participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool that retains the risk of loss beyond the Town's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the Town's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

Note 8. Contingencies

Federal Grant Programs

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the *Single Audit Act* as amended. Accordingly, the Town's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, will be immaterial.

Note 9. Defined Benefit Pension Plan

Plan Description

The Town participates as one of over 900 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the Town-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest. The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Plan provisions for the Town were as follows:

Member Deposit Rate	7%
Town Matching Ratio	2 to 1
Updated Service Credit	100% Transfers
Annuity Increases to Retirees	30% CPI-U since retirement date
Vesting	5 years
Service Retirement Eligibilities	5 years/age 60, 20 years/any age

Employees Covered by Benefit Terms

At the December 31, 2023, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	63
Inactive employees entitled to but not yet receiving benefits	118
Active employees	<u>72</u>
	<u><u>253</u></u>

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The Town's contribution rate is based on the liabilities

Town of Trophy Club, Texas
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created from the benefit plan options selected by the Town and any changes in benefits or actual experience over time.

Employees for the Town were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the Town were 12.68% and 12.90% in calendar years 2023 and 2024, respectively. The Town's contributions to TMRS for the year ended September 30, 2024, were \$930,909 and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Total Pension Liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.55% per year, adjusted down for population declines, if any
Investment rate of return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees for Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males a 3-year set-forward for females. In addition a 3.5% and 3.0% minimum mortality rate is applied, for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

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The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	6.70%
Core Fixed Income	6.00%	4.70%
Non-Core Fixed Income	20.00%	8.00%
Other Public and Private Markets	12.00%	8.00%
Real Estate	12.00%	7.60%
Hedge Funds	5.00%	6.40%
Private Equity	10.00%	11.60%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Town of Trophy Club, Texas
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September 30, 2024

Changes in Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balance, Beginning of Year	\$ 27,144,382	\$ 23,879,770	\$ 3,264,612
Changes for the year:			
Service cost	1,138,934	-	1,138,934
Interest (on the Total Pension Liability)	1,838,912	-	1,838,912
Difference between expected and actual experience	637,486	-	637,486
Changes in assumptions	(91,511)	-	(91,511)
Contributions - member	-	454,276	(454,276)
Contributions - employer	-	822,888	(822,888)
Net investment income	-	2,766,470	(2,766,470)
Benefit payments, including refunds of member contributions	(941,420)	(941,420)	-
Administrative expense	-	(17,583)	17,583
Other	-	(123)	123
Net Changes	2,582,401	3,084,508	(502,107)
Balance, End of Year	\$ 29,726,783	\$ 26,964,278	\$ 2,762,505

Sensitivity of the Net Position Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability (asset)	\$ 7,210,652	\$ 2,762,505	\$ (854,081)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City/Town. That report may be obtained at tmrs.com.

Town of Trophy Club, Texas
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2024, the Town recognized pension expense of \$1,085,929.

At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ 627,920	\$ -
Difference of assumption changes or inputs	-	55,764
Difference in expected and actual economic experience	396,254	-
Contributions subsequent to the measurement date	732,604	-
	<u>\$ 1,756,778</u>	<u>\$ 55,764</u>

\$732,604 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Net Deferred Outflows of Resources
2025	\$ 391,592
2026	324,347
2027	483,388
2028	<u>(230,917)</u>
	<u>\$ 968,410</u>

Allocation of Pension Items

The Town allocates pension items to the governmental activities on the basis of employee payroll funding. The net pension liability/(asset) is liquidated by the General Fund, Street Maintenance Sales Tax Fund, and Hotel Occupancy Tax Fund.

Note 10. Other Postemployment Benefits (OPEB)

A summary of the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense of each plan is shown below. Detailed discussion of each plan will follow in this note.

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Governmental Activities				
Supplemental Death Benefits Plan	\$ 255,612	\$ 35,366	\$ 103,676	\$ 7,312
Retiree Health Care Plan	51,659	3,246	30,001	633
Total governmental activities	<u>\$ 307,271</u>	<u>\$ 38,612</u>	<u>\$ 133,677</u>	<u>\$ 7,945</u>

Texas Municipal Retirement System Supplemental Death Benefits Fund

Plan Description

Texas Municipal Retirement System (TMRS) administers an optional death benefit plan, the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide supplemental death benefits for their active Members with optional coverage for their retirees. The Town has elected to participate in the SDBF for its active members, including retirees. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e., no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75).

Benefits Provided

The death benefit for active Members provides a lump-sum payment approximately equal to the Member’s annual salary (calculated based on the Member’s actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of \$7,500.

Employees Covered by Benefit Terms

At the December 31, 2023, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	31
Active employees	<u>72</u>
	<u>140</u>

Contributions

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the Town. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active Member and retiree deaths on a pay-as-you-go basis. Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the Town's yearly contributions for retirees.

The retiree portion of the contribution rates for the Town to the SDBF were 0.08% and 0.08% for calendar year 2023 and 2024, respectively. The Town's contributions to the SDBF for the year ended September 30, 2024, were \$5,192, and were equal to the required contributions.

Total OPEB Liability

The Town's Total OPEB Liability was measured as of December 31, 2023, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.60% to 11.85% including inflation
Discount rate	3.77% (4.05% in prior year)
Retirees' share of benefit- related costs	\$ 0

All administrative expenses are paid through the Town's Pension Trust and accounted for under reporting requirements of GASB Statement No. 68. Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based the gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Mortality rates for disabled annuitants were based on the mortality tables for with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2023, valuation was based on the results of an actuarial experience study for the period ending December 31, 2022. Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

Town of Trophy Club, Texas
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Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance, Beginning of Year	\$ 235,202
Changes for the year	
Service cost	12,979
Interest on Total OPEB Liability	9,683
Differences between expected and actual experience	(10,491)
Changes of assumptions	13,431
Benefit payments	(5,192)
	<u>20,410</u>
Net changes	<u>20,410</u>
Balance, End of Year	<u><u>\$ 255,612</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, calculated using the discount rate of 3.77%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
Total OPEB liability	\$ 310,516	\$ 255,612	\$ 213,617

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the Town recognized OPEB expense of \$7,312.

At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 1,856	\$ 23,729
Changes in assumptions	28,967	79,947
Contributions made subsequent to measurement date	4,543	-
	<u>\$ 35,366</u>	<u>\$ 103,676</u>

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September 30, 2024

The Town reported \$4,543 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended September 30,</u>	<u>Net Deferred Outflows of Resources</u>
2025	\$ (17,895)
2026	(27,211)
2027	(28,079)
2028	332
	<u>\$ (72,853)</u>

Retiree Health Care Plan

Plan Description

The Town offers retired employees and their dependents the option to retain health, dental, and vision insurance coverage under the Town’s insurance carrier until the age 65 through a single employer defined benefit plan. The Town does not make a direct contribution for retiree medical coverage. The retirees participate in the same plan as active employees. This effect on cost is considered to be an implicit rate subsidy. To be eligible for retiree health plan benefits, retired employees must be at least age 55 and have 10 years of service with the Town. The plan does not issue a separate report. Benefit provisions for retirees are not mandated by any form of employment agreement and the continued provision of these benefits is based entirely on the discretion of the Town Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

Retiree medical coverage levels for retirees are the same plans and benefits for all active employees in accordance with the terms and conditions of the Town’s current health plan. Premiums for the retiree health plans are 195% of the current contribution rate for active employees. The plans themselves are the same as well with regard to benefits and structure with no differentiation. The contributions and coverage continue until the retiree reaches age 65.

Employees Covered by Benefit Terms

At September 30, 2024, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	-
Active employees	<u>68</u>
	<u>68</u>

Town of Trophy Club, Texas
Notes to the Financial Statements
September 30, 2024

Total OPEB Liability

The Town’s Total OPEB Liability was measured as of September 30, 2024, and the Total OPEB Liability was determined by an actuarial valuation as of September 30, 2024.

Actuarial Assumptions:

The Total OPEB Liability in the September 30, 2024, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.50%, including inflation
Discount rate	4.06% (4.77% in prior year)
Retirees' share of benefit- related costs	Retiree pays a 195% of the active employee monthly contribution rate for medical/ dental/vision coverage
Health-care cost trend rates	Level 4.50%

Mortality rates were based on RPH-2014 Total Table with Projection MP-2021. Because the Retiree Health Care Plan is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the S&P Municipal Bond 20-Year High Grade Rate index as of the measurement date.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance, Beginning of Year	\$ 52,483
Changes for the year	
Service cost	4,185
Interest on Total OPEB Liability	2,703
Differences between expected and actual experience	(11,470)
Changes of assumptions	3,758
	<u>(824)</u>
Balance, End of Year	<u>\$ 51,659</u>

Rate Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the Town, calculated using the discount rate of 4.06%, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.06%) or 1-percentage- point higher (5.06%) than the current rate:

	1% Decrease in Discount Rate (3.06%)	Discount Rate (4.06%)	1% Increase in Discount Rate (5.06%)
Total OPEB liability	\$ 57,473	\$ 51,659	\$ 46,451

Town of Trophy Club, Texas
Notes to the Financial Statements
September 30, 2024

The following presents the total OPEB liability of the Town, calculated using the healthcare cost trend rate of 4.5%, as well as what the Town's total OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower (3.5%) or 1-percentage-point higher (5.5%) than the current rate:

	1% Decrease in Trend Rate (3.50%)	Healthcare Trend Rate (4.50%)	1% Increase in Trend Rate (5.50%)
Total OPEB liability	\$ 45,016	\$ 51,659	\$ 59,493

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the Town recognized OPEB expense of \$633.

At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ -	\$ 19,639
Changes in assumptions	3,246	10,362
	<u>\$ 3,246</u>	<u>\$ 30,001</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Net Deferred Inflows of Resources
2025	\$ (6,253)
2026	(6,253)
2027	(6,112)
2028	(5,276)
2029	(1,469)
Thereafter	<u>(1,392)</u>
	<u>\$ (26,755)</u>

Allocation of OPEB Items

The Town allocates OPEB items to the governmental activities on the basis of employee payroll funding. The total OPEB liability is liquidated by the General Fund, Street Maintenance Sales Tax Fund, and Hotel Occupancy Tax Fund.

Note 11. Deferred Compensation Plan

The Town has established a single-employer defined contribution, deferred compensation plan (457 Plan) in accordance with Internal Revenue Code, Section 457(b). The 457 Plan is available to all full-time employees of the Town. The 457 Plan is administered by ICMA Retirement Corporation doing business as Mission Square Retirement. Benefit provisions are contained in the plan document and were established and can be amended by action of the Town Council. All 457 Plan assets and income are held in trust for the exclusive benefit of participants and their beneficiaries; therefore, it is not reported in the financial statements of the Town.

The 457 Plan permits employees to defer a portion of their salaries until future years. The benefits of the 457 Plan are not available to employees until termination, retirement, or unforeseeable emergency. Benefits are available to employee's beneficiaries in case of death. The Town does not contribute to the 457 Plan.

Note 12. Tax Abatements

The Town enters into tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. The Town has the authority under both Article III, Section 52-a of the Texas Constitution and Chapter 380 to make public funds available for the purposes of promoting local economic development and stimulating business and commercial activity with the Town. The Town offers individual incentive packages to attract new business to the Town. Abatements may be granted by Town Council resolution to companies or developers agreeing to relocate to the Town or to establish a new business in the Town. As part of the agreements, the Town agrees to refund a portion of incremental Local Sales and Use Tax, Type B Sales and Use Tax, and/or Property Taxes after confirmation of payment. The agreements entered into by the Town include clawback provisions should the recipient of the tax abatement fail to fully meet its commitments, such as annual sales levels or appraised values of real and personal property located on the project site. As a part of these agreements, the Town may also provide Developers financial assistance for Developer's expenditures made towards the Project. In addition to tax abatements, the Town occasionally makes additional commitments in its economic development incentive agreements. The following additional commitments have been made:

- The Town agreed to provide a loan of \$200,000 to fund certain permanent improvements to a building related to a qualified project during fiscal year 2021. The loan was to be paid back with interest of 2% calculated annually within four years of the date the Certificate of Occupancy is issued. During fiscal year 2022, the payee closed operations and was in default of the agreement. The Town is currently developing a revised repayment plan with expectations of full collectability of the original outstanding amount. The current loan amount is the note receivable balance in the Economic Development Corporation.

Town of Trophy Club, Texas
Notes to the Financial Statements
September 30, 2024

For the fiscal year ended September 30, 2024, the Town has two open tax abatement agreements and abated the following amounts under these agreements:

Open Agreements - Type of Tax Abatement	Amount of Taxes Abated During the Fiscal Year
Town of Trophy Club	
Property tax	\$ 27,786
Sales tax	68,600
	<u>\$ 96,386</u>

Note 13. Economic Development Corporation

The Economic Development Corporation (EDC) is financed with a voter approved half-cent Town sales tax, to aid, promote and further the economic development within the Town.

Cash and Investments

Cash and cash equivalents for the EDC as of September 30, 2024, consist of and are classified in the accompanying financial statements as follows:

Cash and cash equivalents	<u>\$ 2,190,353</u>
Total cash and cash equivalents	<u>\$ 2,190,353</u>

Investments

Because the Town provides investment services for the EDC, the Town adheres to its investment policy and all state statutes when investing available cash for the Town. The EDC's investments balances at September 30, 2024, were \$1,846,635 (included in cash and cash equivalents for financial statement purposes) and were held in TexPool.

Town of Trophy Club, Texas
Notes to the Financial Statements
September 30, 2024

Note Receivable

In connection with an economic development incentive agreement, as noted previously, EDC agreed to provide a loan of \$200,000 to fund certain permanent improvements to a building related to a qualified project during fiscal year 2021. The loan was to be paid back with interest of 2% calculated annually within four years of the date the Certificate of Occupancy is issued. During fiscal year 2022, the payee closed operations and was in default of the agreement. The Town is currently developing a revised repayment plan with expectations of full collectability of the original outstanding amount. Scheduled note receivable payments as of year-end are as follows:

Year Ended September 30,	Future Minimum Note Receivable Amounts
2025	\$ 62,500
2026	37,500
2027	49,250
Total	<u>\$ 149,250</u>

Capital Assets

Capital asset activity for the year ended September 30, 2024, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Component Unit Activities				
Capital assets, not being depreciated:				
Land	\$ 2,538,765	\$ -	\$ -	\$ 2,538,765
Total capital assets, not being depreciated	<u>2,538,765</u>	<u>-</u>	<u>-</u>	<u>2,538,765</u>
Capital assets, being depreciated:				
Infrastructure	<u>367,960</u>	<u>-</u>	<u>-</u>	<u>367,960</u>
Total capital assets, being depreciated	<u>367,960</u>	<u>-</u>	<u>-</u>	<u>367,960</u>
Less accumulated depreciation for:				
Infrastructure	<u>106,625</u>	<u>24,693</u>	<u>-</u>	<u>131,318</u>
Total accumulated depreciation	<u>106,625</u>	<u>24,693</u>	<u>-</u>	<u>131,318</u>
Total capital assets, being depreciated, net	<u>261,335</u>	<u>(24,693)</u>	<u>-</u>	<u>236,642</u>
Total capital assets	<u>\$ 2,800,100</u>	<u>\$ (24,693)</u>	<u>\$ -</u>	<u>\$ 2,775,407</u>

Depreciation expense charged to the EDC component unit was \$24,693.

Town of Trophy Club, Texas
Notes to the Financial Statements
September 30, 2024

Long-term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2024, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Component Unit Activities					
Sales Tax Revenue Bonds	\$ 1,840,000	\$ -	\$ 120,000	\$ 1,720,000	\$ 125,000
Bond Discounts	(15,877)	-	(1,333)	(14,544)	-
Total bonds payable	1,824,123	-	118,667	1,705,456	125,000
Total component unit activities	<u>\$ 1,824,123</u>	<u>\$ -</u>	<u>\$ 118,667</u>	<u>\$ 1,705,456</u>	<u>\$ 125,000</u>

Sales Tax Revenue Bonds

EDC issued sales tax revenue bonds to provide funds for purchasing land within the Town to be used to promote new or expanded business enterprises including for entertainment, convention, tourist, sports and exhibition facilities, amphitheaters, concert halls, parks, open space, restaurants, retail, parking facilities, public safety facilities and related roads, street and water and sewer facilities and improvements. Sales tax revenue bonds outstanding at September 30, 2024, are as follows:

Component Unit Activities	Interest Rate (%)	Final Maturity	Original Borrowing	Outstanding at Year-End
Sales Tax Revenue Bonds, Taxable Series 2015	1.00-4.75	2035	\$ 2,690,000	\$ 1,720,000
			<u>\$ 2,690,000</u>	<u>\$ 1,720,000</u>

The debt service requirements for the sales tax revenue bonds are as follows:

Year Ended September 30,	Component Unit Activities		
	Principal	Interest	Total Requirements
2025	\$ 125,000	\$ 77,463	\$ 202,463
2026	130,000	72,213	202,213
2027	135,000	66,688	201,688
2028	140,000	60,950	200,950
2029	150,000	55,000	205,000
2030-2034	845,000	169,513	1,014,513
2035	195,000	9,263	204,263
Total	<u>\$ 1,720,000</u>	<u>\$ 511,090</u>	<u>\$ 2,231,090</u>

Town of Trophy Club, Texas
Notes to the Financial Statements
September 30, 2024

The following is a summary of pledged revenues of EDC for the year ended September 30, 2024:

Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue Will Not Be Available For Other Purposes
.5% sales and use tax	\$ 865,900	\$ 203,644	23.5%	\$ 2,231,090	Until 2035



Required Supplementary Information (Unaudited)



Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ 8,953,445	\$ 8,953,445	\$ 9,004,625	\$ 51,180
Sales and mixed beverage taxes	1,595,000	1,595,000	1,788,866	193,866
Franchise and local taxes	917,500	917,500	1,029,212	111,712
License and permits	255,000	323,000	356,502	33,502
Intergovernmental	1,195,440	1,195,440	1,877,504	682,064
Charges for services	909,154	909,154	1,653,680	744,526
Fines and forfeitures	318,476	318,476	479,580	161,104
Lease revenue	65,000	65,000	105,010	40,010
Interest revenue - leases	-	-	15,712	15,712
Investment income	160,000	160,000	976,294	816,294
Other revenue	96,000	221,923	354,916	132,993
Total revenues	14,465,015	14,658,938	17,641,901	2,982,963
Expenditures				
Current				
General government	217,575	217,575	121,571	(96,004)
Manager's office	2,799,873	2,795,873	473,438	(2,322,435)
Town secretary	262,275	250,275	208,835	(41,440)
Mayor & council	-	16,000	7,662	(8,338)
Human resources	487,281	487,281	351,267	(136,014)
Finance	591,265	591,265	608,058	16,793
Information services	991,297	991,297	572,452	(418,845)
Legal	225,430	225,430	138,548	(86,882)
Municipal court	109,240	109,240	248,929	139,689
Police	3,870,180	3,952,841	3,913,375	(39,466)
Fire	1,767,663	1,868,420	1,834,130	(34,290)
Emergency medical services	1,746,885	1,755,354	1,646,247	(109,107)
Facilities management	308,724	308,724	1,501,274	1,192,550
Parks and recreation	2,887,223	2,930,537	2,421,524	(509,013)
Community development	520,571	639,300	510,709	(128,591)
Sanitation	305,491	305,491	328,921	23,430
Debt service				
Principal	-	-	6,002	6,002
Interest	-	-	1,696	1,696
Capital outlay	-	-	248,584	248,584
Total expenditures	17,090,973	17,444,903	15,143,222	(2,301,681)
Excess of Revenues Over Expenditures	(2,625,958)	(2,785,965)	2,498,679	5,284,644
Other Financing Sources (Uses)				
Transfers in	201,500	201,500	151,500	50,000
Transfers out	-	-	(255,487)	255,487
Sale of general capital assets	-	-	8,274	(8,274)
Total other financing sources (uses)	201,500	201,500	(95,713)	297,213
Net Change in Fund Balances	<u>\$ (2,424,458)</u>	<u>\$ (2,584,465)</u>	2,402,966	<u>\$ 5,581,857</u>
Fund Balances, Beginning			10,416,334	
Fund Balances, Ending			<u>\$ 12,819,300</u>	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Public Improvement District No. 1
Year Ended September 30, 2024

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Special assessments	\$ 2,296,418	\$ 2,275,465	\$ (20,953)
Investment income	-	257,429	257,429
Miscellaneous	49,431	-	(49,431)
	<u>2,345,849</u>	<u>2,532,894</u>	<u>187,045</u>
Total revenues			
Expenditures			
General government	49,231	93,153	43,922
Debt Service:			
Principal	1,549,000	1,549,000	-
Interest and fiscal charges	747,618	770,852	23,234
	<u>2,345,849</u>	<u>2,413,005</u>	<u>(67,156)</u>
Total expenditures			
Net Change in Fund Balances	<u>\$ -</u>	119,889	<u>\$ 119,889</u>
Fund Balances, Beginning		<u>4,083,080</u>	
Fund Balances, Ending		<u>\$ 4,202,969</u>	

Town of Trophy Club, Texas

Schedule of Changes in the Town's Net Pension Liability / (Asset) and Related Ratios - Texas Municipal Retirement System

Measurement Date December 31,	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 809,057	\$ 804,453	\$ 795,448	\$ 789,530
Interest (on the Total Pension Liability)	970,682	1,053,745	1,113,555	1,173,728
Changes of benefit terms	(1,544,038)	-	-	-
Difference between expected and actual experience	(49,303)	(237,279)	(471,044)	(62,418)
Change in assumptions	-	368,895	-	-
Benefit payments, including refunds of employee contributions	(450,100)	(632,921)	(450,496)	(636,604)
Net Change in Total Pension Liability	(263,702)	1,356,893	987,463	1,264,236
Total Pension Liability - Beginning	15,231,441	14,967,739	16,324,632	17,312,095
Total Pension Liability - Ending	14,967,739	16,324,632	17,312,095	18,576,331
Plan Fiduciary Net Position				
Contributions - employer	660,364	658,543	593,840	606,585
Contributions - employee	316,613	340,458	329,281	323,389
Net investment income	681,774	19,357	912,155	2,061,434
Benefit payments, including refunds of employee contributions	(450,100)	(632,921)	(450,496)	(636,604)
Administrative expense	(7,117)	(11,788)	(10,296)	(10,676)
Other	(585)	(582)	(555)	(541)
Net Change in Plan Fiduciary Net Position	1,200,949	373,067	1,373,929	2,343,587
Plan Fiduciary Net Position - Beginning	11,915,329	13,116,278	13,489,345	14,863,274
Plan Fiduciary Net Position - Ending	13,116,278	13,489,345	14,863,274	17,206,861
Net Pension Liability / (Asset) - Ending	<u>\$ 1,851,461</u>	<u>\$ 2,835,287</u>	<u>\$ 2,448,821</u>	<u>\$ 1,369,470</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.63%	82.63%	85.85%	92.63%
Covered Payroll	\$ 4,523,041	\$ 4,863,685	\$ 4,704,011	\$ 4,619,838
Net Pension Liability / (Asset) as a Percentage of Covered Payroll	40.93%	58.30%	52.06%	29.64%

Other Information:

For the 2015 valuation, inflation used was 2.5%, investment rate of return and discount rate used was 6.75% and actuarial studies were updated through December 31, 2014.

For the 2019 valuation, actuarial studies were updated through December 31, 2018.

For the 2023 valuation, actuarial studies were updated through December 31, 2022.

2018	2019	2020	2021	2022	2023
\$ 863,553	\$ 980,663	\$ 1,044,859	\$ 1,059,781	\$ 1,068,025	\$ 1,138,934
1,263,163	1,354,175	1,466,317	1,572,070	1,707,812	1,838,912
-	-	-	-	-	-
(258,925)	(3,497)	(142,491)	191,092	26,108	637,486
-	(802)	-	-	-	(91,511)
<u>(589,161)</u>	<u>(566,895)</u>	<u>(835,638)</u>	<u>(783,233)</u>	<u>(848,925)</u>	<u>(941,420)</u>
1,278,630	1,763,644	1,533,047	2,039,710	1,953,020	2,582,401
<u>18,576,331</u>	<u>19,854,961</u>	<u>21,618,605</u>	<u>23,151,652</u>	<u>25,191,362</u>	<u>27,144,382</u>
<u>19,854,961</u>	<u>21,618,605</u>	<u>23,151,652</u>	<u>25,191,362</u>	<u>27,144,382</u>	<u>29,726,783</u>
633,832	710,975	760,116	808,487	758,653	822,888
347,155	384,574	406,480	420,786	422,144	454,276
(515,889)	2,642,216	1,537,272	2,883,176	(1,856,921)	2,766,470
(589,161)	(566,895)	(835,638)	(783,233)	(848,925)	(941,420)
(9,961)	(14,914)	(9,935)	(13,322)	(16,045)	(17,583)
<u>(520)</u>	<u>(448)</u>	<u>(388)</u>	<u>91</u>	<u>19,147</u>	<u>(123)</u>
(134,544)	3,155,508	1,857,907	3,315,985	(1,521,947)	3,084,508
<u>17,206,861</u>	<u>17,072,317</u>	<u>20,227,825</u>	<u>22,085,732</u>	<u>25,401,717</u>	<u>23,879,770</u>
<u>17,072,317</u>	<u>20,227,825</u>	<u>22,085,732</u>	<u>25,401,717</u>	<u>23,879,770</u>	<u>26,964,278</u>
<u>\$ 2,782,644</u>	<u>\$ 1,390,780</u>	<u>\$ 1,065,920</u>	<u>\$ (210,355)</u>	<u>\$ 3,264,612</u>	<u>\$ 2,762,505</u>
85.99%	93.57%	95.40%	100.84%	87.97%	90.71%
\$ 4,954,406	\$ 5,493,911	\$ 5,722,119	\$ 6,011,235	\$ 6,030,633	\$ 6,489,651
56.17%	25.31%	18.63%	-3.50%	54.13%	42.57%

Town of Trophy Club, Texas
Schedule of Contributions
Texas Municipal Retirement System

Fiscal Year Ended September 30,	2015	2016	2017	2018
Actuarially determined contribution	\$ 642,631	\$ 627,419	\$ 598,176	\$ 638,736
Contribution in relation of the actuarially determined contribution	<u>642,631</u>	<u>627,419</u>	<u>598,176</u>	<u>638,736</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,617,652	\$ 4,822,763	\$ 4,559,463	\$ 4,911,902
Contributions as a percentage of covered payroll	13.92%	13.01%	13.12%	13.00%

Notes to Required Supplementary Information - TMRS

Notes to Schedule of Contributions

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes There were no benefit changes during the year.

2019	2020	2021	2022	2023	2024
\$ 736,208	\$ 728,124	\$ 810,363	\$ 793,562	\$ 808,561	\$ 930,909
736,208	728,124	810,363	793,562	808,561	930,909
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,640,011	\$ 5,524,768	\$ 5,985,416	\$ 6,195,743	\$ 6,387,617	\$ 7,072,426
13.05%	13.18%	13.54%	12.81%	12.66%	13.16%

Town of Trophy Club, Texas
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Supplemental Death Benefits Fund

Measurement Date December 31,	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability							
Service cost	\$ 10,164	\$ 12,386	\$ 15,383	\$ 21,744	\$ 27,652	\$ 26,535	\$ 12,979
Interest (on the Total OPEB Liability)	6,033	6,400	7,252	7,204	6,517	6,863	9,683
Difference between expected and actual experience	-	(887)	(4,443)	(12,515)	4,559	(21,220)	(10,491)
Change in assumptions	17,400	(16,237)	46,233	46,896	12,575	(134,894)	13,431
Benefit payments	<u>(924)</u>	<u>(991)</u>	<u>(1,099)</u>	<u>(1,144)</u>	<u>(3,607)</u>	<u>(3,618)</u>	<u>(5,192)</u>
Net Change in Total OPEB Liability	32,673	671	63,326	62,185	47,696	(126,334)	20,410
Total OPEB Liability - Beginning	<u>154,985</u>	<u>187,658</u>	<u>188,329</u>	<u>251,655</u>	<u>313,840</u>	<u>361,536</u>	<u>235,202</u>
Total OPEB Liability - Ending	<u>\$ 187,658</u>	<u>\$ 188,329</u>	<u>\$ 251,655</u>	<u>\$ 313,840</u>	<u>\$ 361,536</u>	<u>\$ 235,202</u>	<u>\$ 255,612</u>
Covered Employee Payroll	\$ 4,619,838	\$ 4,954,406	\$ 5,493,911	\$ 5,722,119	\$ 6,011,235	\$ 6,030,633	\$ 6,489,651
Total OPEB Liability as a Percentage of Covered-Employee Payroll	4.06%	3.80%	4.58%	5.48%	6.01%	3.90%	3.94%

Notes to Schedule:

Changes of Benefit Terms: None

Changes of Assumptions: 1) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2016	3.78%
2017	3.00%
2018	4.10%
2019	2.75%
2020	2.00%
2021	1.84%
2022	4.05%
2023	3.77%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available.

Town of Trophy Club, Texas
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
Retiree Health Care Plan

Measurement Date September 30,	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability							
Service cost	\$ 5,179	\$ 5,389	\$ 5,389	\$ 6,570	\$ 6,570	\$ 4,185	\$ 4,185
Interest (on the Total OPEB Liability)	2,019	2,101	2,624	1,489	1,670	2,389	2,703
Difference between expected and actual experience	-	-	(1,194)	-	(16,109)	-	(11,470)
Change in assumptions	-	-	(6,481)	-	(13,868)	-	3,758
Net Change in Total OPEB Liability	7,198	7,490	338	8,059	(21,737)	6,574	(824)
Total OPEB Liability - Beginning	44,561	51,759	59,249	59,587	67,646	45,909	52,483
Total OPEB Liability - Ending	<u>\$ 51,759</u>	<u>\$ 59,249</u>	<u>\$ 59,587</u>	<u>\$ 67,646</u>	<u>\$ 45,909</u>	<u>\$ 52,483</u>	<u>\$ 51,659</u>
Covered Employee Payroll	\$ 4,911,902	\$ 5,493,911	\$ 5,524,768	\$ 5,985,416	\$ 6,195,743	\$ 6,387,617	\$ 5,853,817
Total OPEB Liability as a Percentage of Covered-Employee Payroll	1.05%	1.08%	1.08%	1.13%	0.74%	0.82%	0.88%

Notes to Schedule:

Changes of Benefit Terms: None

Changes of Assumptions: 1) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	4.06%
2018	4.06%
2019	2.25%
2020	2.25%
2021	2.25%
2022	4.77%
2023	4.77%
2024	4.06%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available.



**Combining and Individual Fund Financial Statements and
Schedules (Unaudited)**



Nonmajor Governmental Funds

Special Revenue Funds

Hotel Occupancy Tax Fund – This fund is used to account for local hotel and motel occupancy tax receipts, as well as expenses (events).

Street Maintenance Sales Tax Fund – Accounts for sales taxes specifically restricted for street improvements.

Court Technology Fund – Accounts for court fees specifically restricted for court technology expenses.

Court Security Fund – Accounts for court fees specifically restricted for court security expenses.

Recreation Programs Fund – Accounts for revenues and expenditures associated with recreational programs.

Park Land Dedication Fund – This fund is used to account for park revenues received by and expended by the Town.

Grant Fund – This fund is used to account for certain grant monies received by and expended by the Town.

Tax Increment Reinvestment Zone No. 1 – Accounts for revenues to be used in the reinvestment zone.

Crime Control and Prevention District – Accounts for the funds received from a one-half one percent sales tax, which can be utilized for public safety.



Town of Trophy Club, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2024

	Hotel Occupancy Tax	Street Maintenance Sales Tax	Court Technology	Court Security	Recreation Programs
Assets					
Cash and cash equivalents	\$ 3,235,580	\$ 481,257	\$ 7,533	\$ 76,544	\$ 29,276
Taxes receivable, net	91,545	62,541	-	-	-
Total assets	<u>\$ 3,327,125</u>	<u>\$ 543,798</u>	<u>\$ 7,533</u>	<u>\$ 76,544</u>	<u>\$ 29,276</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 2,452	\$ 7,738	\$ -	\$ -	\$ 390
Accrued liabilities	6,770	3,983	-	-	-
Due to component unit	-	23,405	-	-	-
Advances to other funds	-	-	-	-	-
Total liabilities	<u>9,222</u>	<u>35,126</u>	<u>-</u>	<u>-</u>	<u>390</u>
Fund Balances					
Restricted:					
Capital projects	-	-	-	-	-
Municipal court	-	-	7,533	76,544	-
Public safety	-	-	-	-	-
Street maintenance	-	508,672	-	-	-
Tourism	3,317,903	-	-	-	-
Parks	-	-	-	-	-
Committed:					
Recreation programs	-	-	-	-	28,886
Total fund balances	<u>3,317,903</u>	<u>508,672</u>	<u>7,533</u>	<u>76,544</u>	<u>28,886</u>
Total liabilities and fund balances	<u>\$ 3,327,125</u>	<u>\$ 543,798</u>	<u>\$ 7,533</u>	<u>\$ 76,544</u>	<u>\$ 29,276</u>

Park Land Dedication	Grant	Tax Increment Reinvestment Zone No. 1	Crime Control and Prevention District	Total Nonmajor Governmental Funds
\$ 632,834	\$ 9,886	\$ 468,532	\$ 255,769	\$ 5,197,211
-	-	-	63,517	217,603
<u>\$ 632,834</u>	<u>\$ 9,886</u>	<u>\$ 468,532</u>	<u>\$ 319,286</u>	<u>\$ 5,414,814</u>
\$ -	\$ -	\$ 66,734	\$ 6,601	\$ 83,915
-	-	-	-	10,753
-	-	-	-	23,405
-	-	386,503	-	386,503
-	-	453,237	6,601	504,576
-	-	15,295	-	15,295
-	-	-	-	84,077
-	9,886	-	312,685	322,571
-	-	-	-	508,672
-	-	-	-	3,317,903
632,834	-	-	-	632,834
-	-	-	-	28,886
<u>632,834</u>	<u>9,886</u>	<u>15,295</u>	<u>312,685</u>	<u>4,910,238</u>
<u>\$ 632,834</u>	<u>\$ 9,886</u>	<u>\$ 468,532</u>	<u>\$ 319,286</u>	<u>\$ 5,414,814</u>

Town of Trophy Club, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2024

	Hotel Occupancy Tax	Street Maintenance Sales Tax	Court Technology	Court Security	Recreation Programs
Revenues					
Sales and mixed beverage taxes	\$ -	\$ 418,021	\$ -	\$ -	\$ -
Occupancy tax	885,378	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	8,101
Fines and fees	-	-	67	26,316	-
Investment income	159,312	1,036	-	-	-
Other revenue	22,716	-	-	-	-
Total revenues	1,067,406	419,057	67	26,316	8,101
Expenditures					
Current:					
Municipal court	-	-	-	2,000	-
Police	-	-	-	-	-
Parks and recreation	-	-	-	-	390
Community development	-	-	-	-	-
Tourism	376,841	-	-	-	-
Public works	-	288,375	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital Outlay	-	28,999	-	-	-
Total expenditures	376,841	317,374	-	2,000	390
Excess (Deficiency) of Revenues Over (Under) Expenditures	690,565	101,683	67	24,316	7,711
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	(95,000)	(20,000)	-	(1,500)	-
Total other financing sources (uses)	(95,000)	(20,000)	-	(1,500)	-
Net Change in Fund Balances	595,565	81,683	67	22,816	7,711
Fund Balances (Deficit), Beginning of Year	2,722,338	426,989	7,466	53,728	21,175
Fund Balances, End of Year	<u>\$ 3,317,903</u>	<u>\$ 508,672</u>	<u>\$ 7,533</u>	<u>\$ 76,544</u>	<u>\$ 28,886</u>

Park Land Dedication	Grant	Tax Increment Reinvestment Zone No. 1	Crime Control and Prevention District	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 424,045	\$ 842,066
-	-	-	-	885,378
-	-	-	12,700	12,700
-	-	-	-	8,101
-	-	-	-	26,383
23,796	-	-	570	184,714
201,103	-	19,902	-	243,721
224,899	-	19,902	437,315	2,203,063
-	-	-	-	2,000
-	-	-	138,177	138,177
-	-	-	-	390
-	-	67,735	-	67,735
-	-	-	-	376,841
-	-	-	-	288,375
-	-	-	30,449	30,449
-	-	-	731	731
-	-	-	212,844	241,843
-	-	67,735	382,201	1,146,541
224,899	-	(47,833)	55,114	1,056,522
-	-	255,487	-	255,487
-	-	-	-	(116,500)
-	-	255,487	-	138,987
224,899	-	207,654	55,114	1,195,509
407,935	9,886	(192,359)	257,571	3,714,729
\$ 632,834	\$ 9,886	\$ 15,295	\$ 312,685	\$ 4,910,238

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Hotel Occupancy Tax Fund
Year Ended September 30, 2024

	Original and Final Budget	Hotel Occupancy Tax	Variance with Final Budget
Revenues			
Taxes	\$ 600,000	\$ 885,378	\$ 285,378
Investment income	5,000	159,312	154,312
Other revenue	7,500	22,716	15,216
Total revenues	612,500	1,067,406	454,906
Expenditures			
Tourism	378,309	376,841	(1,468)
Capital outlay	100,000	-	(100,000)
Total expenditures	478,309	376,841	(101,468)
Excess of Revenues Over Expenditures	134,191	690,565	353,438
Other Financing Sources (Uses)			
Transfers out	(95,000)	(95,000)	-
Total other financing sources (uses)	(95,000)	(95,000)	-
Net Change in Fund Balance	<u>\$ 39,191</u>	595,565	<u>\$ 353,438</u>
Fund Balance, Beginning		<u>2,722,338</u>	
Fund Balance, Ending		<u>\$ 3,317,903</u>	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Street Maintenance Tax Fund
Year Ended September 30, 2024

	Original and Final Budget	Street Maintenance Sales Tax	Variance with Final Budget
Revenues			
Taxes	\$ 350,000	\$ 418,021	\$ 68,021
Investment income	1,500	1,036	(464)
Total revenues	<u>351,500</u>	<u>419,057</u>	<u>67,557</u>
Expenditures			
Public works	345,318	288,375	(56,943)
Capital outlay	-	28,999	28,999
Total expenditures	<u>345,318</u>	<u>317,374</u>	<u>(27,944)</u>
Excess of Revenues Over Expenditures	<u>6,182</u>	<u>101,683</u>	<u>(95,501)</u>
Other Financing Sources (Uses)			
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (13,818)</u>	81,683	<u>\$ (95,501)</u>
Fund Balance, Beginning		<u>426,989</u>	
Fund Balance, Ending		<u>\$ 508,672</u>	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Court Technology Fund
Year Ended September 30, 2024

	<u>Original and Final Budget</u>	<u>Court Technology</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and Fees	\$ 1,000	\$ 67	\$ (933)
Total revenues	<u>1,000</u>	<u>67</u>	<u>(933)</u>
Expenditures			
Court	<u>2,755</u>	<u>-</u>	<u>(2,755)</u>
Total expenditures	<u>2,755</u>	<u>-</u>	<u>(2,755)</u>
Net Change in Fund Balance	<u>\$ (1,755)</u>	67	<u>\$ 1,822</u>
Fund Balance, Beginning		<u>7,466</u>	
Fund Balance, Ending		<u>\$ 7,533</u>	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Court Security Fund
Year Ended September 30, 2024

	<u>Original and Final Budget</u>	<u>Court Security</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and fees	\$ 5,000	\$ 26,316	\$ 21,316
Total revenues	<u>5,000</u>	<u>26,316</u>	<u>21,316</u>
Expenditures			
Court	<u>2,500</u>	<u>2,000</u>	<u>(500)</u>
Total expenditures	<u>2,500</u>	<u>2,000</u>	<u>(500)</u>
Excess of Revenues Over Expenditures	<u>2,500</u>	<u>24,316</u>	<u>(21,816)</u>
Other Financing Sources (Uses)			
Transfers out	<u>(1,500)</u>	<u>(1,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,500)</u>	<u>(1,500)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 1,000</u>	22,816	<u>\$ 21,816</u>
Fund Balance, Beginning		<u>53,728</u>	
Fund Balance, Ending		<u>\$ 76,544</u>	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Recreation Programs Fund
Year Ended September 30, 2024

	<u>Original and Final Budget</u>	<u>Recreation Programs</u>	<u>Variance with Final Budget</u>
Revenues			
Charges for services	\$ 6,000	\$ 8,101	\$ 2,101
Total revenues	<u>6,000</u>	<u>8,101</u>	<u>2,101</u>
Expenditures			
Parks and recreation	<u>6,000</u>	<u>390</u>	<u>(5,610)</u>
Total expenditures	<u>6,000</u>	<u>390</u>	<u>(5,610)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>7,711</u>	<u>\$ 7,711</u>
Fund Balance, Beginning		<u>21,175</u>	
Fund Balance, Ending		<u>\$ 28,886</u>	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Park Land Dedication Fund
Year Ended September 30, 2024

	<u>Original and Final Budget</u>	<u>Park Land Dedication</u>	<u>Variance with Final Budget</u>
Revenues			
Investment income	\$ 1,750	\$ 23,796	\$ 22,046
Other revenue	<u>-</u>	<u>201,103</u>	<u>201,103</u>
Total revenues	<u>1,750</u>	<u>224,899</u>	<u>223,149</u>
Expenditures			
Capital outlay	<u>97,000</u>	<u>-</u>	<u>(97,000)</u>
Total expenditures	<u>97,000</u>	<u>-</u>	<u>(97,000)</u>
Net Change in Fund Balance	<u><u>\$ (95,250)</u></u>	<u>224,899</u>	<u><u>\$ 320,149</u></u>
Fund Balance, Beginning		<u>407,935</u>	
Fund Balance, Ending		<u><u>\$ 632,834</u></u>	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Tax Increment Reinvestment Zone No. 1 Fund
Year Ended September 30, 2024

	Original and Final Budget	Tax Increment Reinvestment Zone No. 1	Variance with Final Budget
Revenues			
Taxes	\$ 161,083	\$ -	\$ (161,083)
Other revenue	-	19,902	19,902
Total revenues	161,083	19,902	(141,181)
Expenditures			
Community development	59,379	67,735	8,356
Total expenditures	59,379	67,735	8,356
Excess (Deficiency) of Revenues Over (Under) Expenditures	101,704	(47,833)	149,537
Other Financing Sources (Uses)			
Transfers in	-	255,487	255,487
Total other financing sources (uses)	-	255,487	255,487
Net Change in Fund Balance	<u>\$ 101,704</u>	207,654	<u>\$ 105,950</u>
Fund Balance/(Deficit), Beginning		(192,359)	
Fund Balance/(Deficit), Ending		<u>\$ 15,295</u>	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Crime Control and Prevention District Fund
Year Ended September 30, 2024

	Original and Final Budget	Crime Control and Prevention District	Variance with Final Budget
Revenues			
Taxes	\$ 350,000	\$ 424,045	\$ 74,045
Intergovernmental	-	12,700	12,700
Investment income	1,000	570	(430)
Total revenues	351,000	437,315	86,315
Expenditures			
Police	449,436	138,177	(311,259)
Debt Service - Principal	-	30,449	30,449
Debt Service - Interest and Fiscal Charges	-	731	731
Capital outlay	-	212,844	212,844
Total expenditures	449,436	382,201	(67,235)
Net Change in Fund Balance	<u>\$ (98,436)</u>	<u>\$ 55,114</u>	<u>\$ 153,550</u>
Fund Balance, Beginning		<u>257,571</u>	
Fund Balance, Ending		<u>\$ 312,685</u>	

Discretely Presented Component Unit

Economic Development Corporation – to aid, promote and further economic development within the Town.



Town of Trophy Club, Texas
Balance Sheet
Component Unit
September 30, 2024

	<u>Economic Development Corporation</u>
Assets	
Cash and cash equivalents	\$ 2,190,353
Taxes receivable, net	129,550
Due from primary government	35,105
Notes receivable	<u>149,250</u>
Total assets	<u><u>2,504,258</u></u>
Liabilities	
Accounts payable	<u>8,221</u>
Total liabilities	<u>8,221</u>
Fund Balance	
Restricted:	
Debt service	227,827
Economic development	<u>2,268,210</u>
Total fund balance	<u>2,496,037</u>
Total liabilities and fund balance	<u><u>\$ 2,504,258</u></u>

Town of Trophy Club, Texas
Reconciliation of the Balance Sheet to the Statement of Net Position
Economic Development Corporation
September 30, 2024

Amounts reported in the statement of net position are different because:

Total fund balance	\$ 2,496,037
Capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the fund financial statements.	2,775,407
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the fund financial statements.	(5,700)
Long-term liabilities, including bonds payable and related discount, are not due and payable in the current period and, therefore are not reported in the fund financial statements.	<u>(1,705,456)</u>
Total Net Position	<u>\$ 3,560,288</u>

Town of Trophy Club, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Component Unit
Year Ended September 30, 2024

	<u>Economic Development Corporation</u>
Revenues	
Sales and mixed beverage taxes	\$ 865,900
Investment income	<u>88,512</u>
Total revenues	<u>954,412</u>
Expenditures	
Current:	
Economic Development	59,022
Debt Service:	
Principal	120,000
Interest and fiscal charges	<u>83,644</u>
Total expenditures	<u>262,666</u>
Change in Fund Balance	691,746
Fund Balance, Beginning of Year	<u>1,804,291</u>
Fund Balance, End of Year	<u><u>\$ 2,496,037</u></u>

Town of Trophy Club, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance to the Statement of Activities
Economic Development Corporation
Year Ended September 30, 2024

Amounts reported in the statement of activities are different because:

Net change in fund balances	\$ 691,746
The fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense recorded in the current period.	(24,693)
The repayment of the principal of long-term debt consumes the current financial resources of the fund, but has no effect on net position.	120,000
Some expenses reported in the statement of activities do/(do not) require the use of current financial resources and, therefore, (are)/are not reported as expenditures in the fund.	
Amortization of bond discount	(1,333)
Current year changes in accrued interest on long-term debt	<u>755</u>
Change in net position of governmental activities	<u>\$ 786,475</u>



Statistical Section



Statistical Section (Unaudited)

This part of the Town's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents	<u>Pages</u>
Financial Trends	102-111
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	112-116
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity.	117-120
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	121-123
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	124-125
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.



Town of Trophy Club, Texas
Net Position by Component
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

Fiscal Year	2015*	2016	2017	2018**
Governmental Activities				
Net investment in capital assets	\$ 27,620,857	\$ 26,940,643	\$ 27,125,337	\$ 51,825,867
Restricted	4,035,428	4,433,649	4,676,837	5,478,991
Unrestricted	<u>2,279,194</u>	<u>1,995,960</u>	<u>3,414,190</u>	<u>3,594,662</u>
Total governmental activities	<u>\$ 33,935,479</u>	<u>\$ 33,370,252</u>	<u>\$ 35,216,364</u>	<u>\$ 60,899,520</u>
Business-type Activities				
Net investment in capital assets	\$ 513,930	\$ 680,146	\$ 776,097	\$ 877,048
Unrestricted	<u>163,047</u>	<u>171,755</u>	<u>350,752</u>	<u>633,294</u>
Total business-type activities	<u>\$ 676,977</u>	<u>\$ 851,901</u>	<u>\$ 1,126,849</u>	<u>\$ 1,510,342</u>
Primary Government				
Net investment in capital assets	\$ 28,134,787	\$ 27,620,789	\$ 27,901,434	\$ 52,702,915
Restricted	4,035,428	4,433,649	4,676,837	5,478,991
Unrestricted	<u>2,442,241</u>	<u>2,167,715</u>	<u>3,764,942</u>	<u>4,227,956</u>
Total primary government	<u>\$ 34,612,456</u>	<u>\$ 34,222,153</u>	<u>\$ 36,343,213</u>	<u>\$ 62,409,862</u>

*The Town implemented GASB Statement No. 68 for the year ended September 30, 2015.

** The Town implemented GASB Statement No. 75 for the year ended September 30, 2018.

Table 1

2019	2020	2021	2022	2023	2024
\$ 52,718,444	\$ 51,061,357	\$ 27,008,067	\$ 28,391,158	\$ 28,947,808	\$ 30,100,766
6,112,682	6,821,486	29,052,071	27,278,448	8,185,798	9,320,172
4,107,003	5,321,576	5,265,710	6,394,425	25,732,138	25,856,754
<u>\$ 62,938,129</u>	<u>\$ 63,204,419</u>	<u>\$ 61,325,848</u>	<u>\$ 62,064,031</u>	<u>\$ 62,865,744</u>	<u>\$ 65,277,692</u>
\$ 982,997	\$ 1,121,475	\$ 1,240,768	\$ 1,497,757	\$ 1,678,173	\$ 1,781,537
741,325	706,200	1,077,789	1,507,834	1,982,061	2,301,328
<u>\$ 1,724,322</u>	<u>\$ 1,827,675</u>	<u>\$ 2,318,557</u>	<u>\$ 3,005,591</u>	<u>\$ 3,660,234</u>	<u>\$ 4,082,865</u>
\$ 53,701,441	\$ 52,182,832	\$ 28,248,835	\$ 29,888,915	\$ 30,625,981	\$ 31,882,303
6,112,682	6,821,486	29,052,071	27,278,448	8,185,798	9,320,172
4,848,328	6,027,776	6,343,499	7,902,259	27,714,199	28,158,082
<u>\$ 64,662,451</u>	<u>\$ 65,032,094</u>	<u>\$ 63,644,405</u>	<u>\$ 65,069,622</u>	<u>\$ 66,525,978</u>	<u>\$ 69,360,557</u>

Town of Trophy Club, Texas
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

Fiscal Year	2015*	2016	2017	2018**
Expenses				
Governmental activities				
General government	\$ 1,955,949	\$ 2,728,642	\$ 2,533,298	\$ 3,398,500
Manager's office	-	-	-	-
Town secretary	-	-	-	-
Mayor & council	-	-	-	-
Human resources	-	-	-	-
Finance	-	-	-	-
Information services	-	-	-	-
Legal	-	-	-	-
Court	-	-	-	-
Public safety	2,306,609	3,540,703	4,607,380	4,429,744
Facilities management	-	-	-	-
Streets	-	-	-	-
Sanitation	-	-	-	-
PID activities	2,736,000	2,122,901	48,520	2,850
Parks and recreation	2,253,982	2,652,384	2,761,053	2,644,329
Pools	-	-	-	-
Community development	436,090	640,404	738,659	695,637
Public works (Streets and infrastructure)	1,716,531	1,878,119	1,728,809	1,671,692
Water and sewer	319,054	319,054	-	-
Storm drainage	234,339	234,287	-	-
Interest on long-term debt	469,923	496,019	2,365,059	2,771,762
Total governmental activities expenses	<u>12,428,477</u>	<u>14,612,513</u>	<u>14,782,778</u>	<u>15,614,514</u>
Business-type activities				
Storm Drainage	205,331	174,499	120,295	129,722
Trophy Club Park	123,445	109,325	116,477	93,677
Total business-type activities expenses	<u>328,776</u>	<u>283,824</u>	<u>236,772</u>	<u>223,399</u>
Total primary government expenses	<u>\$ 12,757,253</u>	<u>\$ 14,896,337</u>	<u>\$ 15,019,550</u>	<u>\$ 15,837,913</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ -	\$ -	\$ -	\$ -
Court	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Emergency medical services	-	-	-	-
Parks and recreation	-	-	-	-
Community Development	702,578	605,558	-	-
Sanitation	-	-	-	-
Public works	-	-	-	-
Other	2,669,738	2,593,969	3,705,774	3,982,406
Operating grants and contributions	550,495	141,071	581,633	443,752
Capital grants and contributions	1,254,997	-	-	-
Total governmental activities program revenues	<u>5,177,808</u>	<u>3,340,598</u>	<u>4,287,407</u>	<u>4,426,158</u>
Business-type activities				
Charges for services				
Storm Drainage	484,874	466,934	596,520	592,322
Trophy Club Park	-	-	-	-
Operating grants and contributions	-	61,106	-	94,521
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>484,874</u>	<u>528,040</u>	<u>596,520</u>	<u>686,843</u>
Total primary government program revenues	<u>\$ 5,662,682</u>	<u>\$ 3,868,638</u>	<u>\$ 4,883,927</u>	<u>\$ 5,113,001</u>

*The Town implemented GASB Statement No. 68 for the year ended September 30, 2015.

** The Town Implemented GASB Statement No. 75 for the year ended September 30, 2018.

Table 2

2019	2020	2021	2022	2023	2024
\$ 3,650,893	\$ 3,561,521	\$ 1,381,483	\$ 663,394	\$ 899,894	\$ 632,029
-	-	936,032	567,704	782,210	486,130
-	-	-	-	-	212,947
-	-	-	-	-	7,662
-	-	280,147	205,246	278,174	357,993
-	-	512,144	549,792	518,064	617,969
-	-	647,888	543,189	673,596	598,600
-	-	118,756	189,141	159,807	138,548
-	-	49,837	258,489	92,313	250,929
5,109,461	5,139,151	5,616,921	6,008,021	7,076,418	7,987,904
-	-	448,538	1,455,292	1,425,387	1,501,274
-	-	317,005	396,974	653,518	382,094
-	-	1,057,653	-	-	-
26,875	50,152	-	-	-	-
2,871,283	2,593,588	2,674,646	2,864,327	3,093,727	3,132,835
-	-	-	-	-	-
717,215	563,312	639,321	471,539	552,382	606,080
2,371,290	2,052,018	2,308,861	2,315,082	2,358,623	2,762,037
-	-	-	-	-	-
-	-	-	-	-	-
2,663,286	1,639,671	1,535,312	1,278,873	1,371,710	1,406,043
17,410,303	15,599,413	18,524,544	17,767,063	19,935,823	21,081,074
131,370	93,912	126,163	144,131	176,590	284,437
122,186	229,670	125,692	169,456	127,025	135,419
253,556	323,582	251,855	313,587	303,615	419,856
\$ 17,663,859	\$ 15,922,995	\$ 18,776,399	\$ 18,080,650	\$ 20,239,438	\$ 21,500,930
\$ -	\$ -	\$ 286,695	\$ 321,725	\$ 269,132	\$ 321,820
-	-	110,550	380,427	219,645	349,697
-	-	123,942	101,556	142,470	161,706
-	-	1,344,545	1,444,477	1,492,123	1,747,461
-	-	95,775	130,805	193,982	162,587
-	-	301,668	342,996	397,773	355,367
-	-	1,775	6,340	5,805	10,250
-	-	1,058,213	1,059,841	1,091,668	1,141,025
-	-	9,670	7,485	8,675	5,175
3,266,108	1,797,916	-	-	-	-
1,392,787	2,056,622	37,851	173,599	92,029	159,362
2,127,040	-	150,000	-	-	-
6,785,935	3,854,538	3,520,684	3,969,251	3,913,302	4,414,450
539,295	430,303	435,798	435,559	437,219	432,307
-	188,708	185,981	289,336	268,703	182,116
-	-	4,170	125,468	31,750	-
3,360	68,146	-	-	-	-
542,655	687,157	625,949	850,363	737,672	614,423
\$ 7,328,590	\$ 4,541,695	\$ 4,146,633	\$ 4,819,614	\$ 4,650,974	\$ 5,028,873

Town of Trophy Club, Texas
Changes in Net Position (Continued)
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

Fiscal Year	2015*	2016	2017	2018**
Net (Expense) Revenue				
Governmental activities	\$ (7,250,669)	\$ (11,271,915)	\$ (10,495,371)	\$ (11,188,356)
Business-type activities	<u>156,098</u>	<u>244,216</u>	<u>359,748</u>	<u>463,444</u>
Total primary government net (expense) revenue	<u>\$ (7,094,571)</u>	<u>\$ (11,027,699)</u>	<u>\$ (10,135,623)</u>	<u>\$ (10,724,912)</u>
General Revenues And Other				
Changes In Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 7,447,069	\$ 7,714,564	\$ 8,269,141	\$ 8,412,231
Sales and mixed beverage taxes	1,104,298	1,217,693	1,306,243	1,150,073
Other taxes	1,027,407	1,255,995	1,376,352	1,486,952
Investment income	11,331	65,709	146,015	259,220
Miscellaneous revenues	100,202	382,521	908,540	197,567
Special items	-	-	-	-
Gain on disposal of assets	-	-	-	-
Transfers	<u>35,350</u>	<u>70,206</u>	<u>86,887</u>	<u>87,209</u>
Total governmental activities	<u>9,725,657</u>	<u>10,706,688</u>	<u>12,093,178</u>	<u>11,593,252</u>
Business-type activities				
Investment income	143	914	2,087	7,258
Special items	-	-	-	-
Transfers	<u>35,350</u>	<u>70,206</u>	<u>86,887</u>	<u>87,209</u>
Total business-type activities	<u>35,493</u>	<u>71,120</u>	<u>88,974</u>	<u>94,467</u>
Total primary government	<u>\$ 9,761,150</u>	<u>\$ 10,777,808</u>	<u>\$ 12,182,152</u>	<u>\$ 11,687,719</u>
Change In Net Position				
Governmental activities	\$ 2,474,988	\$ (565,227)	\$ 1,597,807	\$ 404,896
Business-type activities	<u>191,591</u>	<u>315,336</u>	<u>448,722</u>	<u>557,911</u>
Total primary government change in net position	<u>\$ 2,666,579</u>	<u>\$ (249,891)</u>	<u>\$ 2,046,529</u>	<u>\$ 962,807</u>

*The Town implemented GASB Statement No. 68 for the year ended September 30, 2015.

**The Town implemented GASB Statement No. 75 for the year ended September 30, 2018.

Table 2

2019	2020	2021	2022	2023	2024
\$ (10,624,368)	\$ (11,744,875)	\$ (15,003,860)	\$ (13,797,812)	\$ (16,022,521)	\$ (16,666,624)
289,099	363,575	374,094	536,776	434,057	194,567
<u>\$ (10,335,269)</u>	<u>\$ (11,381,300)</u>	<u>\$ (14,629,766)</u>	<u>\$ (13,261,036)</u>	<u>\$ (15,588,464)</u>	<u>\$ (16,472,057)</u>
\$ 8,974,426	\$ 9,347,776	\$ 9,940,633	\$ 10,255,223	\$ 11,180,838	\$ 11,858,764
1,271,864	1,445,994	2,035,404	2,290,748	2,358,255	2,630,932
1,581,721	1,238,302	1,261,872	1,689,864	1,838,706	1,914,590
512,922	183,858	72,940	244,451	1,289,627	2,095,412
235,107	414,384	62,904	197,903	313,150	721,499
-	882,082	-	-	-	-
-	-	-	-	-	-
86,937	262,933	(116,463)	(142,194)	(156,342)	(142,625)
<u>12,662,977</u>	<u>13,775,329</u>	<u>13,257,290</u>	<u>14,535,995</u>	<u>16,824,234</u>	<u>19,078,572</u>
11,818	2,711	325	8,264	64,244	85,289
-	-	-	-	-	150
86,937	262,933	116,463	142,194	156,342	142,625
<u>98,755</u>	<u>265,644</u>	<u>116,788</u>	<u>150,458</u>	<u>220,586</u>	<u>228,064</u>
<u>\$ 12,761,732</u>	<u>\$ 14,040,973</u>	<u>\$ 13,374,078</u>	<u>\$ 14,686,453</u>	<u>\$ 17,044,820</u>	<u>\$ 19,306,636</u>
\$ 2,038,609	\$ 2,030,454	\$ (1,746,570)	\$ 738,183	\$ 801,713	\$ 2,411,948
387,854	629,219	490,882	687,234	654,643	422,631
<u>\$ 2,426,463</u>	<u>\$ 2,659,673</u>	<u>\$ (1,255,688)</u>	<u>\$ 1,425,417</u>	<u>\$ 1,456,356</u>	<u>\$ 2,834,579</u>

Town of Trophy Club, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

Fiscal Year	2015	2016	2017	2018
General Fund				
Nonspendable	\$ 1,816	\$ 54,397	\$ 91,278	\$ 430,977
Committed	228,138	-	-	-
Assigned	200,000	189,475	183,858	182,718
Unassigned	3,261,235	3,950,290	4,335,983	4,826,823
Total general fund	<u>\$ 3,691,189</u>	<u>\$ 4,194,162</u>	<u>\$ 4,611,119</u>	<u>\$ 5,440,518</u>
All Other Governmental Funds				
Restricted:				
Debt Service	\$ 118,542	\$ 143,174	\$ 309,043	\$ 262,277
Capital Projects	1,694,546	8,764,936	6,285,515	5,764,419
Municipal court	43,422	39,668	37,819	37,155
Public Safety	134,265	210,189	71,259	9,886
Street Maintenance	65,306	-	92,856	29,337
Tourism	475,748	564,363	399,883	790,686
Parks	-	-	-	467,425
PID No. 1	4,229,068	3,869,425	3,832,851	3,882,225
Town Anniversary	3,497	-	-	-
Committed:				
Recreation programs	3,395	2,269	7,307	3,655
Unassigned	6,327	5,017	-	-
Total all other governmental funds	<u>\$ 6,774,116</u>	<u>\$ 13,599,041</u>	<u>\$ 11,036,533</u>	<u>\$ 11,247,065</u>

Table 3

2019	2020	2021	2022	2023	2024
\$ 389,687	\$ 389,112	\$ 727,449	\$ 427,772	\$ 435,113	\$ 442,729
-	-	-	-	-	-
177,130	169,592	-	-	-	-
5,256,436	6,988,719	6,876,307	7,916,625	9,981,221	12,376,571
<u>\$ 5,823,253</u>	<u>\$ 7,547,423</u>	<u>\$ 7,603,756</u>	<u>\$ 8,344,397</u>	<u>\$ 10,416,334</u>	<u>\$ 12,819,300</u>
\$ 473,670	\$ 706,640	\$ 4,357,220	\$ 4,078,885	\$ 4,289,334	\$ 4,454,115
3,568,072	1,984,646	6,199,646	4,952,458	10,606,605	10,711,565
30,036	32,838	36,824	44,638	61,194	84,077
9,886	9,886	284,013	290,366	267,457	322,571
92,457	184,556	302,901	436,702	426,989	508,672
1,313,981	1,530,643	1,726,744	2,275,553	2,722,338	3,317,903
220,464	385,727	536,001	350,554	407,935	632,834
3,972,188	3,971,196	-	-	-	-
-	-	-	-	-	-
3,028	5,062	7,710	21,550	21,175	28,886
-	-	(327,716)	(226,168)	(192,359)	-
<u>\$ 9,683,782</u>	<u>\$ 8,811,194</u>	<u>\$ 13,123,343</u>	<u>\$ 12,224,538</u>	<u>\$ 18,610,668</u>	<u>\$ 20,060,623</u>

Town of Trophy Club, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

Fiscal Year	2015	2016	2017	2018
Revenues				
Taxes				
Ad valorem taxes	\$ 7,469,912	\$ 7,724,244	\$ 8,132,670	\$ 8,600,999
Sales and mixed beverage taxes	1,104,298	1,217,694	1,306,243	1,150,073
Franchise taxes	811,052	953,622	888,863	867,446
Occupancy	264,708	302,374	487,489	619,506
Special assessments	1,917,636	1,986,516	2,129,321	2,166,167
Licenses, permits & fees	697,378	598,586	333,780	614,931
Intergovernmental	326,195	26,237	581,633	608,910
Charges for services	293,011	310,735	820,530	767,237
Fines & Fees	580,648	362,409	355,504	497,078
Lease revenue	-	-	-	-
Interest revenue - leases	-	-	-	-
Investment Income	11,330	65,708	146,015	259,213
Grant revenue	147,691	7,942	-	-
Miscellaneous	100,202	407,418	158,540	715,535
Total revenues	13,724,061	13,963,485	15,340,588	16,867,095
Expenditures				
Current				
General government	2,273,447	2,349,120	2,191,140	2,404,704
Manager's office	-	-	-	-
Town secretary	-	-	-	-
Mayor & council	-	-	-	-
Human resources	-	-	-	-
Finance	-	-	-	-
Information services	-	-	-	-
Legal	-	-	-	-
Court	-	-	-	-
PID activities	314,344	81,793	44,984	2,850
Public safety	2,896,632	3,187,064	4,117,992	4,441,873
Facilities management	-	-	-	-
Streets	-	-	-	-
Sanitation	-	-	-	-
Public works	516,035	566,927	179,448	340,910
Community development	479,477	576,508	582,259	449,178
Pool	-	-	-	-
Culture & recreation	1,799,204	1,892,065	1,991,571	2,708,827
Debt service				
Principal	1,438,000	2,153,974	1,567,004	1,675,350
Interest and fiscal changes	2,546,971	3,396,480	2,630,171	2,796,835
Capital outlay	3,466,307	3,395,509	9,146,919	1,239,065
Total expenditures	15,730,417	17,599,440	22,451,488	16,059,592
Excess (Deficiency) of Revenues Over Expenditures	(2,006,356)	(3,635,955)	(7,110,900)	807,503
Other Financing Sources (Uses)				
Proceeds from lease obligation	-	-	-	264,732
Proceeds from contractual obligations	-	4,210,000	-	-
Sale of general capital assets	-	-	-	-
Insurance recoveries	-	-	-	-
Proceeds from bonds	2,030,000	31,399,979	4,445,000	-
Premium on bonds	-	5,020,788	128,317	-
Payment to refunded bond escrow agent	2,026,710	29,734,500	-	-
Lease financing	-	-	-	-
Transfers in	63,350	493,947	993,250	298,457
Transfers out	28,000	423,741	906,363	63,817
Total other financing sources (uses)	4,148,060	71,282,955	6,472,930	627,006
Net Change in Fund Balances	\$ 2,141,704	\$ 67,647,000	\$ (637,970)	\$ 1,434,509
Debt Service as a Percentage of Noncapital Expenditures	32.49%	39.08%	31.55%	30.18%

Table 4

2019	2020	2021	2022	2023	2024
\$ 8,967,795	\$ 9,359,847	\$ 9,941,321	\$ 10,262,914	\$ 11,207,851	\$ 11,851,078
1,271,864	1,445,994	2,035,404	2,290,748	2,358,255	2,630,932
911,738	850,543	869,212	908,033	1,016,222	1,029,212
669,983	387,759	392,660	781,831	822,484	885,378
2,176,400	2,187,165	2,195,144	2,263,090	2,267,110	2,275,465
499,302	479,513	284,500	280,222	253,027	356,502
724,333	2,056,622	1,365,324	1,601,656	1,567,063	1,890,204
769,962	296,947	1,431,343	1,484,550	1,524,037	1,661,781
312,267	132,877	337,123	618,956	432,505	505,963
-	-	-	83,834	107,834	105,010
-	-	-	24,288	20,188	15,712
512,922	183,858	72,940	244,451	1,289,627	2,095,412
-	-	-	-	-	-
402,894	386,615	212,904	66,440	216,732	603,864
17,219,460	17,767,740	19,137,875	20,911,013	23,082,935	25,906,513
3,164,364	2,584,454	973,869	270,272	383,218	234,849
-	-	973,427	620,172	758,661	473,438
-	-	-	-	-	208,835
-	-	-	-	-	7,662
-	-	287,521	216,058	268,107	351,267
-	-	528,002	583,304	504,727	608,058
-	-	595,432	492,761	641,317	572,452
-	-	118,756	189,141	159,807	138,548
-	-	51,347	258,489	92,313	250,929
26,875	50,152	-	-	-	-
4,872,242	4,977,216	5,616,394	6,162,615	6,547,801	7,531,929
-	-	450,853	1,460,399	1,425,314	1,501,274
-	-	319,943	402,212	644,687	376,841
-	-	1,057,653	-	-	-
414,938	388,419	204,633	207,684	231,437	617,296
568,239	491,941	654,107	490,655	524,674	578,444
-	-	-	-	-	-
2,250,599	2,380,448	1,922,721	2,138,251	2,308,047	2,421,914
1,723,652	3,081,206	3,408,000	3,582,199	3,397,255	3,550,451
2,811,664	1,614,385	1,452,214	1,396,045	1,479,107	1,518,583
2,860,040	1,735,016	508,748	2,647,445	2,325,253	976,471
18,692,613	17,303,237	19,123,620	21,117,702	21,691,725	21,919,241
(1,473,153)	464,503	14,255	(206,689)	1,391,210	3,987,272
-	-	-	-	-	-
-	-	-	-	-	-
-	32,213	-	60,142	54,208	8,274
-	27,769	-	-	-	-
-	3,550,000	4,305,000	-	6,925,000	-
-	-	297,691	-	257,608	-
-	3,485,838	-	-	-	-
-	-	-	90,577	26,383	-
89,937	264,433	686,235	266,609	246,754	406,987
3,000	1,500	(802,698)	(408,803)	(403,096)	(549,612)
92,937	7,361,753	4,486,228	8,525	7,106,857	(134,351)
\$ (1,380,216)	\$ 7,826,256	\$ 4,500,483	\$ (198,164)	\$ 8,498,067	\$ 3,852,921
28.65%	30.16%	26.11%	26.95%	25.18%	24.20%

Town of Trophy Club, Texas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (Unaudited)

Table 5

Fiscal Year	Estimated Market Value		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Non Real Property			
2015	\$ 1,426,754,517	\$ 20,304,259	\$ 64,382,412	\$ 1,382,676,364	\$ 0.49000
2016	1,618,577,881	28,301,916	68,622,814	1,578,256,983	0.48400
2017	1,816,191,857	29,805,970	73,301,474	1,772,696,353	0.47300
2018	1,986,456,291	32,335,529	83,492,349	1,935,299,471	0.45144
2019	2,146,374,412	34,488,137	79,947,523	2,100,915,026	0.44644
2020	2,245,060,094	34,337,805	173,637,626	2,105,760,273	0.44644
2021	2,571,479,079	41,659,656	210,421,213	2,402,717,522	0.44644
2022	2,732,597,188	30,337,600	213,411,764	2,549,523,024	0.44500
2023	3,069,209,272	29,159,280	220,375,646	2,877,992,906	0.41547
2024	3,275,722,564	32,074,104	230,181,814	3,077,614,854	0.41547

Source: Denton & Tarrant County Central Appraisal District Certified Roll

Note: Total Taxable Assessed Value is not adjusted for tax ceilings.

Town of Trophy Club, Texas
Direct and Overlapping Property Tax Rates (Per \$100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Town of Trophy Club			Overlapping Rates			
	Operating Mileage	Debt Service Mileage	Total Town Mileage	Northwest ISD	Trophy Club MUD #1	Trophy Club MUD #2	Denton County
2015	\$ 0.380000	\$ 0.110000	\$ 0.490000	\$ 1.452500	\$ 0.133390	\$ -	\$ 0.272200
2016	0.374000	0.110000	0.484000	1.452500	0.131140	-	0.262000
2017	0.363000	0.110000	0.473000	1.452500	0.127220	-	0.248409
2018	0.341442	0.110000	0.451442	1.490000	0.120210	-	0.237181
2019	0.336442	0.110000	0.446442	1.490000	0.116180	-	0.225574
2020	0.336442	0.110000	0.446442	1.420000	0.112730	-	0.225278
2021	0.336442	0.110000	0.446442	1.420000	0.105880	-	0.224985
2022	0.335000	0.099799	0.434799	1.292000	0.091340	-	0.233086
2023	0.315670	0.099799	0.415469	1.274600	0.063810	-	0.189485
2024	0.315670	0.099799	0.415469	1.087900	0.062500	-	0.187869

Source: Denton & Tarrant County Appraisal Districts

Table 6

Trophy Club PID #1 ESD	Overlapping Rates						Total Direct & Overlapping Rates
	Tarrant County	Tarrant County College	Tarrant County Hospital	Total MUD #1 Mileage	Total MUD #2 Mileage	Total PID #1 ESD Mileage	
\$ 0.077270	\$ 0.264000	\$ 0.149500	\$ 0.227897	\$ 2.948860	N/A	\$ 2.401970	\$ 3.066757
0.072220	0.264000	0.149500	0.227897	2.925360	N/A	2.380720	3.043257
0.074450	0.254000	0.144730	0.227897	2.884309	N/A	2.358359	3.002206
0.068700	0.244000	0.140060	0.224429	2.861593	N/A	2.357323	2.976022
0.067190	0.234000	0.136070	0.224429	2.825456	N/A	2.339206	2.939885
0.067380	0.234000	0.130170	0.224429	2.204450	N/A	2.269100	2.860429
0.064760	0.229000	0.130170	0.224429	2.197307	N/A	2.266187	2.845666
0.064180	0.224000	0.130170	0.229000	2.051225	N/A	2.123864	2.698575
0.056250	0.194500	0.112170	0.194500	1.943364	N/A	2.035603	2.500784
0.051360	0.187500	0.112280	0.182500	1.753738	N/A	1.842397	2.287378

**Town of Trophy Club, Texas
Principal Property Taxpayers
Current Year and Ten Years Ago (Unaudited)**

Table 7

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
NAP Trophy Club LP	\$ 67,769,295	1	2.35%	\$ -	n/a	-%
Armored Trophy Club LLC	19,400,000	2	0.67%	8,950,000	3	0.74%
TC Town Center 1 LP	18,724,300	3	0.65%	-	n/a	-%
Trophy Club 18 LLC	18,391,053	4	0.64%	-	n/a	-%
KAGR Trophy Club 2800 LLC	17,400,000	5	0.60%	-	n/a	-%
Trophy Lodging LTD	9,500,000	6	0.33%	-	n/a	-%
Quasar Hotels LLC	9,060,000	7	0.31%	-	n/a	-%
4663 Okeechobee Blvd. & Palm Beach Holdings	8,812,000	8	0.31%	5,352,159	7	0.44%
Hydra Hotels LLC	8,519,000	9	0.30%	6,520,997	4	0.54%
Armored II - Quorum LLC	8,500,000	10	0.30%	-	n/a	-%
Clubcorp Golf Tex LP P/S	-	n/a	-%	5,080,864	8	0.42%
Cnl Retmt CRSI Trophy Cl Tx LP	-	n/a	-%	18,000,000	1	1.48%
Trophy Club 12 LLC	-	n/a	-%	14,481,513	2	1.19%
Trophy Club Medical Center LP	-	n/a	-%	5,563,287	5	0.46%
First Texas Homes INC	-	n/a	-%	5,009,276	9	0.41%
Lennar Homes of Texas Land & Construction LTD	-	n/a	-%	5,497,526	6	0.45%
Trophy Club Equities	-	n/a	-%	4,250,000	10	0.35%
Totals	<u>\$ 186,075,648</u>		<u>6.46%</u>	<u>\$ 78,705,622</u>		<u>6.48%</u>

Source: Denton and Tarrant County Central Appraisal District

Town of Trophy Club, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Table 8

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 6,665,433	\$ 6,642,558	99.66%	\$ 14,249	\$ 6,656,807	99.87%
2016	7,477,394	7,456,542	99.72%	13,166	7,469,708	99.90%
2017	8,188,616	8,153,915	99.58%	10,781	8,164,696	99.71%
2018	8,627,946	8,614,737	99.85%	2,511	8,617,248	99.88%
2019	9,027,118	8,992,174	99.61%	35,723	9,027,897	100.01%
2020	9,504,473	9,400,652	98.91%	22,868	9,423,520	99.15%
2021	9,835,286	9,785,993	99.50%	26,729	9,812,722	99.77%
2022	10,263,591	10,247,041	99.84%	(8,278)	10,238,763	99.76%
2023	11,139,198	11,121,834	99.84%	14,267	11,136,101	99.97%
2024	11,879,516	11,863,572	99.87%	-	11,863,572	99.87%

Source: Denton County Tax Assessor Collector

Town of Trophy Club, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (Unaudited)

Table 9

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Certificates of Obligation	Special Assessment Bonds	Premium	Leases	Certificates of Obligation	Premium			
2015	\$ 8,344,695	\$ 4,029,431	\$ 26,481,000	\$ -	\$ -	\$ 1,454,619	\$ -	\$ 40,309,745	7.62%	3,348
2016	12,375,000	7,961,000	25,710,479	4,916,763	-	1,275,000	30,200	52,268,442	9.35%	4,200
2017	11,450,000	12,068,000	25,406,475	4,754,458	-	1,130,000	25,779	54,834,712	9.26%	4,234
2018	10,640,000	11,415,000	25,285,577	4,457,420	173,280	980,000	21,358	52,972,635	8.06%	3,828
2019	9,805,000	10,637,000	25,260,000	4,160,382	88,205	825,000	16,939	50,792,526	7.94%	4,106
2020	9,005,000	9,789,000	23,985,000	3,872,927	-	670,000	12,522	47,334,449	6.98%	3,802
2021	7,500,000	13,206,000	22,800,000	3,798,808	-	-	8,504	47,313,312	7.04%	3,557
2022	6,595,000	12,298,000	21,245,000	3,482,143	99,617	345,000	4,486	44,069,246	6.10%	3,206
2023	5,890,000	18,040,000	19,776,000	3,423,086	85,745	175,000	468	47,390,299	5.60%	3,423
2024	5,165,000	16,800,000	18,227,000	3,093,541	49,294	-	-	43,334,835	4.62%	2,941

(1) Personal Income and population found on Table 15 of the Statistical Section

Town of Trophy Club, Texas
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years (Unaudited)

Table 10

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Special Assessment Bonds	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2015	\$ 8,344,695	\$ 4,029,431	\$ -	0.89%	\$ 1,028
2016	12,375,000	7,961,000	25,710,479	1.29%	1,634
2017	11,450,000	12,068,000	25,406,475	1.33%	1,890
2018	10,640,000	11,415,000	25,285,577	1.14%	1,594
2019	9,805,000	10,637,000	25,260,000	0.97%	1,653
2020	9,005,000	9,789,000	23,985,000	0.89%	1,509
2021	7,500,000	13,206,000	22,800,000	0.86%	1,557
2022	6,595,000	12,298,000	21,245,000	0.74%	1,375
2023	5,890,000	18,040,000	19,776,000	0.83%	1,729
2024	5,165,000	16,800,000	18,227,000	0.71%	1,607

(1) Property values are from Table 5 .

(2) Populations are from Table 12.

Town of Trophy Club, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2024 (Unaudited)

Table 11

Governmental Unit	Debt Principal Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Denton County	\$ 673,670,000	1.62%	\$ 10,940,917
Northwest Independent School District	2,280,247,569	7.70276%	175,641,993
Tarrant County	345,130,000	0.01%	19,696
Tarrant County College District	569,915,000	0.07%	398,941
Tarrant County Hospital District	440,020,000	0.01%	25,111
Trophy Club MUD #1	<u>4,290,000</u>	0.56%	<u>23,902</u>
Subtotal, overlapping debt	4,313,272,569		187,050,560
Town of Trophy Club, direct debt	<u>43,285,541</u>	100.00%	<u>43,285,541</u>
Total direct and overlapping debt principal	<u>\$ 4,356,558,110</u>		<u>\$ 230,336,101</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Trophy Club. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Most recent Texas Municipal Reports (TMR) published by the Municipal Advisory Council of Texas.

Town of Trophy Club, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years (Unaudited)

Table 12

Fiscal Year	Special Assessment Bonds		Times Coverage
	Special Assessment Collections	Annual Requirement (1)	
2020	\$ 2,187,165	\$ 2,180,573	1.00
2021	2,195,144	2,220,073	0.99
2022	2,263,090	2,249,922	1.01
2023	2,267,110	2,283,923	0.99
2024	2,275,465	2,319,852	0.98

Note: (1) Includes Principal and Interest

Special assessment bonds pledged-revenue coverage presented starting with fiscal year 2020.

Town of Trophy Club, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years (Unaudited)

Table 13

Year	Estimated Population (1)	Total Households (1)	Median Household Income (2)	Total Personal Income	Unemployment Rate (3)
2015	12,040	4,153	\$ 127,391	\$ 529,054,823	3.88%
2016	12,446	4,342	128,750	559,032,500	3.66
2017	12,950	4,435	133,457	591,881,795	3.38
2018	13,838	4,723	139,156	657,233,788	3.40
2019	12,369	4,490	142,483	639,748,670	3.10
2020	12,451	4,600	147,477	678,394,200	3.10
2021	13,301	4,555	147,477	671,757,735	6.60
2022	13,745	4,234	170,679	722,654,886	3.80
2023	13,843	4,625	183,125	846,953,125	5.60
2024	13,666	4,864	193,026	938,878,464	3.90

Sources: (1) Estimated population using residential water connections

(2) United States Census Bureau

(3) Federal Bank of St. Louis Economic Research; Denton and Tarrant Counties' data averaged 2018.

Town of Trophy Club, Texas
Principal Employers
Current Year and Ten Years Ago (Unaudited)

2024		
Employer	Employees	Percentage of Total Town Employment
Northwest Independent School District	415	5.92%
Baylor Medical Center at Trophy Club	230	2.92%
Trophy Club Country Club	205	3.28%
Tom Thumb	202	2.88%
Town of Trophy Club*	108	1.54%
HG Sply Co.	100	1.43%
Hutchins	85	1.21%
Fellowship United Methodist Church	39	0.56%
Premier Academy - Trophy Club	35	0.50%
The Church at Trophy Lakes	30	0.43%
Total	1,449	20.67%

(*) Includes Full Time, Part Time, and Seasonal

Table 14

2015		
Employer	Employees	Percentage of Total Town Employment
Northwest Independent School District	472	31.47%
Baylor Medical Center at Trophy Club	215	14.33%
Trophy Club Country Club	220	14.67%
Town of Trophy Club	198	13.20%
Tom Thumb	75	5.00%
Bread Winners Cafe	72	4.80%
Cristina's Mexican Restaurant	55	3.67%
Fellowship United Methodist Church	43	2.87%
Premier Academy - Trophy Club	39	2.60%
Trophy Lake Academy	30	2.00%
Total	1,419	94.61%

Town of Trophy Club, Texas
Full-time Equivalent Town Government Employees
By Function/Program
Last Ten Fiscal Years (Unaudited)

Table 15

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government and Administration	13	14	13	14	14	13	12	12	14	12
Public Safety	32	33	33	34	41	41	38	42	43	46
Streets	4	4	4	2	3	3	3	3	3	3
Parks and Recreation	17	17	16	17	14	14	16	14	17	19
Community Development	6	6	6	6	5	4	4	3	4	4
Total	<u>72</u>	<u>74</u>	<u>72</u>	<u>73</u>	<u>77</u>	<u>75</u>	<u>73</u>	<u>74</u>	<u>81</u>	<u>84</u>

Source: Departmental records

Town of Trophy Club, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years (Unaudited)

Table 16

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Police										
Number of stations	1	1	1	2	2	1	1	1	1	1
Number of police personnel	25	25	26	26	24	25	23	26	26	27
Number of arrests	125	145	148	130	275	157	158	47	141	144
Number of traffic stops	2,912	3,635	2,922	4,262	5,397	3,106	3,206	2,987	5,312	7,033
Fire										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of fire personnel	15	16	17	18	17	17	18	19	19	18
Number of calls answered	868	898	868	858	871	965	981	1,061	944	953
Developmental										
Miles of streets	43	43	43	43	52	52	52	52	52	52
Parks/Recreational Changes										
Parks	6	6	6	6	6	6	6	6	6	6
Park acreage	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039	929

Source: Departmental records

